THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, or the contents of this document, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares, please send this document and any accompanying documents or forms as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom you sell or have sold or transferred your shares for delivery to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations, including, but not limited to, the USA and the Excluded Territories.

This document comprises an admission document prepared in accordance with the AIM Rules. This document does not constitute a prospectus for the purposes of the Prospectus Rules. This document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA and therefore this document is not an approved prospectus for the purposes of, and as defined in section 85 of, FSMA and has not been prepared in accordance with the Prospectus Rules. This document has not been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules.

The Directors and the Proposed Directors, whose names appear on page 5 of this document, and Asfare accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and Asfare (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. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors, the Proposed Directors and Asfare are aware, and are able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

The Existing Ordinary Shares are currently admitted to trading on AIM. Subject to the passing of the Resolutions at the EGM, trading in the Existing Ordinary Shares will be cancelled. Application will be made for the Enlarged Share Capital to be admitted, to trading on AIM. It is expected that Admission will become effective and dealings for normal settlement in the Enlarged Share Capital will commence on 30 March 2007.

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. 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 professional financial adviser. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the UK Listing Authority. Neither the Existing Ordinary Shares nor the New Ordinary Shares will be dealt on any other recognised investment exchange and no other such application will be made. Furthermore neither the London Stock Exchange nor the UK Listing Authority has itself examined or approved the contents of this document. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ AND, IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT ON PAGES 12 TO 17 OF THIS DOCUMENT.

Asfare Group plc

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4966347)

Proposed acquisition of AssetCo
Proposed placing of 13,793,104 new Ordinary Shares at 145 pence per share
Approval of waiver of the obligation to make a mandatory offer under Rule 9 of the Takeover Code
Admission of the Enlarged Share Capital to trading on AIM
Change of name to AssetCo plc

and

Notice of Extraordinary General Meeting

Nominated adviser, financial adviser and corporate broker

Hoare Govett Limited

Share capital of Asfare immediately following Admission

Authorised			*Issued and fully paid*	
Number	*Nominal value*	Ordinary Shares	*Number*	*Nominal value*
95,000,000	£23,750,000		67,198,699	£16,799,674.75

A notice convening an Extraordinary General Meeting of Asfare Group plc to be held at the offices of Nabarro, Lacon House, 84 Theobald's Road, London WC1X 8RW at 11.00 a.m. on Thursday 29 March 2007 is set out at the end of this document. The accompanying Form of Proxy for use at the Extraordinary General Meeting should be completed and returned by post or (during normal business hours) by hand to Computershare Investor Services PLC, P.O. Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA, United Kingdom, as soon as possible, and, to be valid, must arrive not less than 48 hours before the time fixed for the Extraordinary General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

Hoare Govett, which is regulated by the FSA, is acting as nominated adviser, financial adviser and corporate broker exclusively to Asfare Group plc in connection with the matters set out in this document and no-one else. Its responsibilities as Asfare Group plc's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to Asfare Group plc or to any director or proposed director of Asfare Group plc or to any other person in respect of his or its decision to acquire shares in Asfare Group plc in reliance on any part of this document. No representation or warranty, express or implied, is made by Hoare Govett as to any of the contents of this document. Hoare Govett is acting for Asfare Group plc and no one else and will not be responsible to anyone other than Asfare Group plc for providing advice in relation to the Acquisition, the Placing or Admission or otherwise. Hoare Govett will not be offering advice and will not be responsible for providing the protections afforded to customers of Hoare Govett to recipients of this document in respect of the Acquisition, the Placing or any acquisition of shares or securities in Asfare Group plc or otherwise.

The Placing described in this document is only made in the United Kingdom. This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction in which such offer or solicitation is unlawful and in particular is not an offer of securities for sale in the United States and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, or under the laws of any state, district or other jurisdiction of the US or any of the other Excluded Territories and no regulatory clearances in respect of the Ordinary Shares have been or will be applied for in any such jurisdiction.

FORWARD-LOOKING STATEMENTS

This document contains certain statements that are or may be forward-looking statements with respect to the financial condition, results of operations and/or business achievements of the Enlarged Group, including without limitation, statements containing the word "believe", "anticipate", "expect" and similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, achievements or performance of the Enlarged Group or industry results to be materially different from any future results, achievements or performance expressed or implied by such forward-looking statements. Such risks and other factors include, but are not limited to, general economic and business conditions, changes in government regulation, currency fluctuations, the Enlarged Group's ability to develop its existing or new resources, competition, changes in development plans and the other risks described in the section of the document headed "Risk factors". There can be no assurance that the results and events contemplated by the forward-looking statements contained in this document will, in fact, occur. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are correct only as at the date of this document.

Other than in accordance with the Company's obligations under the AIM Rules or otherwise required by law, the Company undertakes no obligation (and expressly disclaims any obligation) to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to any member of the Enlarged Group or any of the Directors or the Proposed Directors or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document. Information or other statements presented in this document regarding market growth, market size, development of the market and other industry data pertaining to the market in which the Enlarged Group operates and the Enlarged Group's business consist of estimates based on data and reports compiled by industry professionals.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	6 March 2007
Latest time and date for receipt of forms of proxy in respect of the EGM	11.00 a.m. on 27 March 2007
Extraordinary General Meeting	11.00 a.m. on 29 March 2007
Completion of the Acquisition and Placing	30 March 2007
Admission effective and dealings in the New Ordinary Shares to commence on AIM and new name effective	30 March 2007
CREST stock accounts credited in respect of New Ordinary Shares	30 March 2007
Despatch of definitive share certificates in respect of New Ordinary Shares to be held in certificated form	by 13 April 2007

PLACING STATISTICS

Placing Price	145 pence
Number of Existing Ordinary Shares	4,971,112
Number of Placing Shares	13,793,104
Number of Consideration Shares	48,434,483
Enlarged Share Capital	67,198,699
Market capitalisation of the Company at the Placing Price(1)	£97.4 million
Placing Shares as a percentage of the Enlarged Share Capital	20.5 per cent.
Consideration Shares as a percentage of the Enlarged Share Capital	72.1 per cent.
Estimated net proceeds of the Placing receivable by the Company(2)	£17.0 million

Notes:

(1) Market capitalisation has been calculated based on the number of Ordinary Shares in issue immediately following Admission multiplied by the Placing Price.

(2) Net proceeds are stated after the deduction of estimated total expenses of approximately £3.0 million.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Timothy Redmayne Wightman (*Non-executive Chairman*) David Peter Chisnall OBE (*Non-executive Deputy Chairman*) Anthony Arthur O'Neill (*Chief Executive Officer*) Timothy Paul O'Connor (*Group Finance Director*) Adrian Effland Bradshaw (*Non-executive Director*)
Company secretary	Timothy Paul O'Connor
Proposed Directors	Marcus John Shannon (*Chief Executive Officer*) Raymond Francis Flynn (*Chief Financial Officer*)
Proposed company secretary	Michael David Lavender
Registered and head office	Commercial Road Totton Southampton SO40 3AE
Proposed new registered and head office upon Admission	800 Field End Road South Ruislip Middlesex HA4 0QH
Nominated adviser, financial adviser and corporate broker	Hoare Govett Limited 250 Bishopsgate London EC2M 4AA
Auditors to Asfare	Grant Thornton UK LLP Manor Court Barnes Wallis Road Segensworth Hampshire PO15 5GT
Auditors to AssetCo	Grant Thornton UK LLP Churchill House Chalvey Road East Slough Berkshire SL1 2LS
Reporting accountants	Grant Thornton UK LLP 43 Queen Square Bristol BS1 4QR
Legal adviser to Asfare	Nabarro Lacon House 84 Theobald's Road London WC1X 8RW
Legal adviser to AssetCo	Mills Selig 21 Arthur Street Belfast BT1 4GA Northern Ireland
Legal adviser to Hoare Govett	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS
Registrars	Computershare Investor Services P.O. Box 1075 The Pavilions Bridgwater Road Bristol BS99 3FA

DEFINITIONS

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

"Acquisition"	the proposed acquisition of the entire issued share capital of AssetCo pursuant to the Acquisition Agreements;
"Acquisition Agreements"	the conditional agreements dated 5 March 2007 between the Vendors and the Company, details of which are set out in paragraph 14.1.1 of Part VI of this document;
"Admission"	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
"AIM"	the AIM market of the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange and those other rules of the London Stock Exchange which govern the admission of securities to trading on, and the regulation of, AIM;
"ambulance services trust"	a National Health Service trust providing ambulance services for a specified region;
"Articles"	the articles of association of the Company in effect on Admission, further details of which are set out in paragraph 4 of Part VI of this document;
"Asfare" or the "Company"	Asfare Group plc, a company registered in England and Wales with registration number 4966347, whose registered office is at Commercial Road, Totton, Southampton SO40 3AE;
"Asfare Group" or the "Group"	the Company and its existing subsidiary undertakings;
"AS Fire and Rescue"	AS Fire and Rescue Equipment Limited;
"AssetCo"	AssetCo Group Limited, a company registered in Northern Ireland with registration number NI053848, whose registered office is at 34 Roughfort Road, Mallusk, Newtownabbey, BT36 4RE;
"AssetCo Group"	AssetCo and its existing subsidiary undertakings;
"AssetCo Senior Managers"	Denis Mellon and David Smith;
"Board"	the board of directors of the Company;
"Brook Henderson"	Brook Henderson Group Limited, a company registered in England and Wales with registration number 4450947 and whose registered office is at Brook Henderson House, 173 to 175 Friar Street, Reading, RG1 1HE;
"CCCP"	Civil Contingency Capability Programme;

"CEN"	the European Committee for Standardisation, a non-profit organisation whose mission is to promote the European economy in global trading, the welfare of European citizens and the environment by providing an efficient infrastructure to interested parties for the development, maintenance and distribution of coherent sets of standards and specifications;
"certificated" or "in certificated form"	a share which is not in uncertificated form (that is, a share not held in CREST);
"Chief Fire Officer"	individual responsible for the day-to-day operational command of an FRA;
"Civil Contingencies Act 2004"	an Act of Parliament, which received Royal Assent in November 2004, intended to deliver a single framework for civil protection in the United Kingdom;
"CLG"	the Communities and Local Government, a department of the UK Government;
"Collins Youldon"	Collins Youldon, a division of AS Fire and Rescue Limited;
"Combined Code"	the Combined Code on Corporate Governance, as appended to, but not forming part of, the Listing Rules of the UK Listing Authority, published by the Financial Reporting Council;
"Companies Act" or the "Act"	the Companies Act 1985, as amended;
"Completion"	completion of the Acquisition Agreements, which is expected to occur on the day of Admission;
"Concert Party"	John Shannon, Frank Flynn, Denis Mellon and David Smith, each of 34 Roughfort Road, Mallusk, Newtownabbey, BT36 4RE and Pelham Olive and Peter Lewin, both of Brook Henderson House, 173 to 175 Friar Street, Reading, RG1 1HE;
"Consideration Shares"	the 48,434,483 Ordinary Shares to be issued pursuant to the Acquisition Agreements;
"Controlling Shareholders' Agreement"	the agreement dated 6 March 2007 between the Company, John Shannon and Frank Flynn described in paragragh 14.1.4 of Part VI of this document;
"CREST"	the electronic settlement system operated by CRESTCo, which facilitates the transfer of title to securities in uncertificated form;
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time and such other regulations as are applicable to CRESTCo;
"Daily Official List"	the Daily Official List of the London Stock Exchange;

"Directors"	the directors of the Company whose names are set out on page 5 of this document;
"EBITDA"	earnings before interest, taxation, depreciation and amortisation;
"Enlarged Group"	the Company together with its subsidiaries and subsidiary undertakings, as enlarged by the Acquisition;
"Enlarged Share Capital"	the number of ordinary shares in the capital of the Company in issue immediately following Admission, consisting of the Existing Ordinary Shares and the New Ordinary Shares;
"Excluded Territories"	Australia, Canada, Japan, the Republic of South Africa and their respective territories and possessions;
"Executive Directors"	the executive directors of the Company whose names are set out on page 5 of this document;
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this document;
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company, convened for 11.00 a.m. on 29 March 2007, notice of which is set out at the end of this document;
"FMI"	Fleet Management Ireland Limited;
"Form of Proxy"	the form of proxy for use at the Extraordinary General Meeting which accompanies this document;
"FRA"	Fire and Rescue Authority;
"FRS"	Fire and Rescue Service;
"FSA"	the Financial Services Authority;
"FSE"	Fire Safety Equipment Limited;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Gershon Efficiency Review"	the HM Treasury report entitled "*Releasing Resources to the Front Line – Independent Review of Public Sector Efficiency*" published on 14 July 2004;
"HBOS"	HBOS plc and any member of the HBOS Group;
"HMRC"	HM Revenue and Customs;
"Hoare Govett"	Hoare Govett Limited;
"IRMP"	Integrated Risk Management Plan: a risk managed assessment of local response to incidents prepared by each FRA;
"ISIN"	International Securities Identification Number;
"J O Hambro"	funds managed or advised by North Atlantic Value LLP, part of the J O Hambro Capital Management Group, being North Atlantic Smaller Companies Investment Trust plc,

	discretionary investment management clients of North Atlantic Value LLP, Oryx International Growth Fund Limited and Oryx International Growth Fund Limited – C Shares;
"LFB"	the London Fire Brigade;
"LFR"	the Lincolnshire Fire and Rescue Service;
"LFEPA"	the London Fire and Emergency Planning Authority;
"London Stock Exchange"	London Stock Exchange plc or its successor;
"LTCM"	Long Term Capability Management;
"National Framework Document"	The Fire and Rescue National Framework 2006-08, published by the Office of the Deputy Prime Minister on 6 April 2006;
"New Ordinary Shares"	the Placing Shares and the Consideration Shares;
"NHS PASA"	the National Health Service Purchasing and Supply Agency, an executive agency of the Department of Health, established on 1 April 2000, to act as a strategic advisor to the National Health Service on procurement issues;
"NOMAD Agreement"	the conditional nominated adviser and broker agreement dated 6 March 2007 between the Company, Hoare Govett and the Ongoing Directors details of which are set out in paragraph 14.1.3 of Part VI of this document;
"Non-executive Directors"	the non-executive directors of the Company whose names are set out on page 5 of this document;
"Ongoing Directors"	Messrs. Wightman, Chisnall, Bradshaw and the Proposed Directors;
"Ordinary Shares"	ordinary shares of 25 pence each in the capital of the Company;
"Panel"	the UK Panel on Takeovers and Mergers;
"Papworth"	AssetCo Papworth Limited, a company registered in England and Wales with registered number 3048528 and whose registered office is at 800 Field End Road, South Ruislip, Middlesex, HA4 0QH;
"PFI"	Private Finance Initiative;
"PKF"	PKF (UK) LLP;
"Placing"	the conditional placing of 13,793,104 Placing Shares pursuant to the Placing Agreement;
"Placing Agreement"	the agreement dated 6 March 2007 between the Company, Hoare Govett, the Directors, the Proposed Directors and the AssetCo Senior Managers, details of which are set out in paragraph 14.1.2 of Part VI of this document;
"Placing Price"	145 pence per Ordinary Share;

"Placing Shares"	the 13,793,104 new Ordinary Shares to be issued by the Company for cash at the Placing Price pursuant to the Placing;
"Proposals"	the Acquisition, the Placing, Admission and the other proposals described in this document;
"Proposed Directors"	the proposed directors of the Company to be appointed on Admission whose names appear on page 5 of this document;
"Prospectus Rules"	the prospectus rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"PPP"	Public Private Partnership;
"Registrars"	Computershare Investor Services PLC, the Company's registrars;
"Resolutions"	the resolutions to be proposed at the EGM, notice of which is set out at the end of this document;
"Securities Act"	the United States Securities Act of 1933, as amended;
"Shareholders"	holders of Ordinary Shares;
"Share Option Plans"	the Unapproved Share Option Plan and the Enterprise Management Incentive Share Option Plan, details of which are set out in paragraph 7 of Part VI of this document;
"Simentra"	Simentra Limited;
"Speed 5019 Limited"	a subsidiary of AS Fire and Rescue and holding company of Asfare No.1 Limited, Fire Guns Limited and Sacol Group 1990 Limited, acquired by the Asfare Group plc in December 2003;
"SVO"	Special Vehicle Operations Limited (now AssetCo SVO Limited);
"Takeover Code"	the City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel;
"Todd Research"	Todd Research Limited;
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"uncertificated" or "in uncertificated form"	a share or shares recorded on the register of members as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States", "US" or "USA"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

"Vendors"	Denis Mellon, Peter Lewin, Pelham Olive, David Smith, John Shannon, Frank Flynn, J O Hambro, Brook Henderson, Gerald Andrews, Damian Murphy, Lou Gill, Stephen Bristow, Dermot McDermott, Mark Clisset, Tom Joyce, Gareth White, Michael Lavender, Jeffrey Stone, Lyndon Plant, Jonathan Reid and William Campbell Walters;
"Warrants"	the warrants to subscribe for Ordinary Shares, details of which are set out in paragraph 5.3 of Part VI of this document;
"Waiver"	the waiver by the Panel of the Rule 9 obligation that would otherwise arise on the members of the Concert Party, collectively and individually, to make a mandatory offer for the Company as a result of the Proposals;
"Warrantholders"	holders of the Warrants; and
"Warrantors"	Messrs Shannon, Flynn, Mellon and Smith.

Unless otherwise indicated, all references in this document to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom.

Some numerical figures included in this document have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an authentic aggregation of the figures that preceded them.

RISK FACTORS

Investors should carefully consider the risks and uncertainties described below, in addition to the other information in this document, before making a decision as to whether to invest in the Company. The risks and uncertainties described below represent all of those known to the Directors and the Proposed Directors as at the date of this document and which the Directors and the Proposed Directors consider to be material. However, these risks and uncertainties are not the only ones facing the Asfare Group and/or the Enlarged Group; additional risks and uncertainties not presently known to the Directors and the Proposed Directors, or that the Directors and the Proposed Directors currently consider to be immaterial, could also materially impair the business of the Asfare Group and/or the Enlarged Group. If any or a combination of the following risks actually occurs, the business, financial condition and operating results of the Asfare Group and/or the Enlarged Group could be materially adversely affected. In such case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment. Shareholders should consider carefully whether the Proposals are in the best interests of the Asfare Group and/or the Enlarged Group in the light of the information in this document.

References in this section should, where appropriate, be read as references to the Asfare Group and/or the Enlarged Group.

RISKS RELATING TO THE BUSINESS OF THE ENLARGED GROUP

Loss of key contracts

The Enlarged Group will have certain contracts of a long-term nature with its customers which provide a guaranteed minimum return for the Enlarged Group. AssetCo's revenues are currently derived predominantly from its long-term contracts with LFEPA and LFR. Under the contract with LFEPA, the ultimate holding company of the AssetCo Group must have and maintain net tangible assets (as defined in the contract) of £10 million. Although the Ongoing Directors believe that the Company will fulfil this requirement on Admission, if it were to fail to do so at any time in the future, the contract may be terminated. In the event that the Enlarged Group does not meet its obligations under the contracts with LFEPA and LFR, these contracts may be terminated. The loss of one or both of these contracts or any material changes to these contracts as a result of, *inter alia*, any changes in UK Government policy or budgetary policies may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

The success of the Enlarged Group depends upon continuing relationships with its customers. Any loss or change in the nature of key contracts, including any inability to recover fully any increased future supply costs, may have a material adverse affect on the Enlarged Group's business, financial condition, trading performance and prospects.

Performance of the Enlarged Group

The expected growth of the Enlarged Group may be materially adversely affected by a number of factors including, but not limited to, lower than projected speed of take up of the AssetCo business model, overall growth in the UK fire and rescue equipment markets not materialising, or additional market sectors not being opened to the Enlarged Group. Whilst the Ongoing Directors have considerable experience in these activities, there can be no guarantee that the Enlarged Group will be successful. In view of the Enlarged Group's dependency on the UK fire and rescue market, any failure to implement successfully its strategy may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

If the Enlarged Group does not achieve its expected revenue and/or does not manage to contain expenses at reasonable levels or there is a significant increase in costs (in particular above the indexation allowed for under its long term contracts with LFEPA and LFR), the Enlarged Group's results may fall below the expectations of public market analysts or investors and the market price of the Ordinary Shares may be materially adversely affected.

Competition

The Enlarged Group may face competition from domestic and overseas competitors who may have greater capital and resources than the Enlarged Group. The AssetCo total managed services business model is unique in the fire and rescue sector, however, the Enlarged Group may need to compete for business with companies who provide similar services in other industry sectors. This may place other competitive pressures on the Enlarged Group by driving price reductions or causing reduced margins and/or loss of the Enlarged Group's market share. Moreover, the Enlarged Group's competitors may increase their market share by forming strategic alliances or by the acquisition of competing companies. There can be no guarantee that the Enlarged Group will be able to compete successfully against current or future competitors or that increased competitive pressures on the Enlarged Group will not have a material adverse affect on the Enlarged Group's business, financial condition, trading performance and prospects.

Contract wins and organic growth

The Enlarged Group's projected growth is predicated on winning further total managed services and other contracts and enhancing the returns from existing contracts. The Enlarged Group's ability to win further total managed service and other contracts may be dependent upon the ongoing purchasing power of FRAs delegated to them under existing UK Government policy, which is subject to regular review. In particular, sales by the Enlarged Group to FRAs may be adversely affected by changes in procurement policies. For example, a reduction in outsourcing could lead to reduced opportunities for the Enlarged Group. Furthermore, if the Enlarged Group were unsuccessful in bidding for new outsourcing opportunities, successful bidders might acquire enhanced capabilities to compete with the Enlarged Group

Furthermore, contracts with public bodies which are central to the Enlarged Group's business are awarded through a formal competitive tendering process. This process presents a number of risks, including substantial cost and managerial time and effort to prepare bids and proposals for contracts that the Enlarged Group may not win, and incorrectly estimating the resources and cost structure that will be required to service any contract. Failure to win further total managed services and other contracts may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Failure to meet contractual obligations, subcontractors and insurance

The Enlarged Group has contractual performance targets under its contracts with LFEPA and LFR which require it to perform its services within stringent time criteria. In the event that the Enlarged Group does not meet these performance targets, it may be subject to financial penalties. Any such circumstances may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects. Further, the Enlarged Group subcontracts some of its contracted obligations and may be responsible for and liable in respect of subcontractor defaults.

The Enlarged Group has granted, and may further grant, wide ranging indemnities in respect of its services and in some cases, where its liabilities may not be fully insured. Any such circumstances may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Onerous contracts and guarantees

In the event that the Enlarged Group takes on an onerous contract, cost overruns and/or claims from its customers may transpire which may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

As a result of being part of the Brook Henderson group companies until the BIMBO, members of the AssetCo Group have given guarantees in respect of certain obligations of the Brook Henderson group companies. These have not yet all been released but are the subject of a counter-indemnity from Brook Henderson. It is possible that these guarantees could be enforced at a time when Brook Henderson cannot satisfy its obligations under the counter-indemnity, which could have an adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Change of control

Although consent to change of control has been obtained from LFEPA and LFR and the providers of the existing facilities to the Enlarged Group, there are other contracts containing change of control provisions, which may be triggered by the Acquisition and may entitle the other party to terminate such contract. Any such circumstances may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Dependence on key personnel

The Enlarged Group will be dependent upon the Ongoing Directors and senior management team. While certain of the Enlarged Group's Ongoing Directors and senior management have entered into non-compete and non-solicitation covenants, there can be no guarantee that a court would enforce the provisions of these covenants if the Enlarged Group were to try to enforce them. Access to experienced and highly trained employees in the UK fire and rescue market is likely to remain limited for the foreseeable future. The Enlarged Group will continue to compete with numerous other companies in the recruitment and retention of qualified employees. Identifying, recruiting and training personnel is likely to require substantial resources. The loss of one or more key personnel without adequate replacement may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

AssetCo has approximately 380 employees of which approximately 40 are members of recognised trade unions. In the event of a prolonged labour dispute involving its employees or those of a supplier or customer, there could be an adverse effect on the Enlarged Group's operations. Furthermore, the Enlarged Group's labour costs could increase as a result of the settlement of actual or threatened labour disputes which may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Inability to obtain capital or additional finance

The Ongoing Directors believe that, based on the current business plan and expected growth, the estimated net proceeds of the Placing, together with the Enlarged Group's existing assets, anticipated debt capacity and future cash flow, will be sufficient to fund the Enlarged Group's operations for the foreseeable future. However, if the Enlarged Group's working capital needs and/or capital requirements exceed current expectations, then the Enlarged Group may need to raise additional capital from equity or debt sources. If the Enlarged Group is unable to secure additional funds when needed, or cannot do so on terms it finds acceptable, the Enlarged Group may be unable to expand its operations, take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

The Enlarged Group's ability to take on additional debt is contingent upon, amongst other things, the covenants and financial ratios contained in existing facilities, which include limitations on the amount of debt that the Enlarged Group may have. The Articles also contain restrictions on borrowing powers. The Enlarged Group cannot be certain that any additional financing that may be required in the future will be available on terms which are satisfactory to it. If the Enlarged Group is unable to obtain sufficient additional capital in the future, this could have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Notwithstanding this, the Directors and the Proposed Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is, for at least twelve months following the date of this document.

Recent and future acquisitions may be difficult to integrate

The Enlarged Group has made, and may make further, selective acquisitions of complementary businesses and companies to accelerate growth and increase revenue and profits. To the extent that the Enlarged Group is unable to integrate the acquired businesses successfully, retain qualified personnel or customers or avoid unforeseen costs and delays, the Enlarged Group's business and financial condition and/or the results of its operations may be adversely affected. Furthermore, each acquisition may require considerable management attention and this diversion from the day-to-day management of the Enlarged Group may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Defined benefit pension schemes

AssetCo intends to become the principal employer of a defined benefit pension scheme in place of Brook Henderson. This scheme currently has approximately 67 active members. Todd Research is the principal employer in respect of a further defined benefit pension scheme, which currently has no active members, eight deferred members and eleven pensioner members. At 30 September 2006 and 31 March 2006, the

AssetCo scheme had a net surplus of £329,000 and the Todd Scheme had a net deficit of £62,000, respectively, on a FRS17 calculation basis using the assumptions set out in the respective actuarial reports carried out as at that date. In addition, AssetCo Solutions Limited ("Solutions") is a contributory employer of the Viridian Group defined benefit pension scheme in respect of ten employees and two deferred members who remained members of that scheme following the acquisition of Solutions in November 2003. In the event that Solutions were to cease to be a contributory employer of that scheme at a time when it is in deficit, Solutions would be required to make a contribution to the scheme in accordance with section 75 of the Pensions Act 1995. This could have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Further, AssetCo Emergency Limited is a participating employer in the Prudential Platinum Scheme in respect of three employees. This scheme is a defined benefit multi employer scheme with separate sub-schemes in relation to each participating employer where there is no cross subsidiary. As with the Virdian scheme, if AssetCo Emergency Limited were to cease to be a participating employer in the Prudential Platinum Scheme at a time when it is in deficit, AssetCo Emergency Limited would be required to make a contribution to the scheme in accordance with section 75 of the Pensions Act 1995. As with all such schemes, it is possible that these schemes may be in deficit from time to time and require the Enlarged Group to make significant contributions to fund the liabilities arising under them. Any such significant contributions may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Ability to pay future dividends is uncertain

The Company can only pay dividends if it has distributable reserves available. As the Company is a group holding company with no independent operations, it is dependent on its operating subsidiaries for funds which create distributable reserves for it.

The payment of dividends in respect of Ordinary Shares will rely on the underlying performance of the Enlarged Group. The dividend policy set out in paragraph 9 of Part I of this document should not be construed as a dividend or profit forecast. Any inability to pay future dividends may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Controlling shareholders

Following Admission, John Shannon and Frank Flynn will own 50.7 per cent. in aggregate of the Enlarged Share Capital and, accordingly, will be able to exert significant influence over the decisions of the Shareholders in general meeting. The Company has entered into a controlling shareholders agreement with John Shannon and Frank Flynn under which they have agreed to exercise their rights as shareholders so as to allow the company to operate independently.

RISKS RELATING TO THE PLACING

Shares available for future sale

Approximately 63.2 per cent. of the Enlarged Share Capital will be held by members of the Concert Party, of whom the Warrantors are subject to restrictions on their ability to dispose of their shares for a period after Admission.

The Enlarged Group is unable to predict whether a substantial numbers of Ordinary Shares, in addition to the Ordinary Shares which will be available in the Placing, will be sold in the open market following the expiry of the lock-up period contained in the Placing Agreement, further details of which are set out in paragraph 14.1.2 of Part VI of this document. In addition to the presence of a group of shareholders holding a large stock of shares and thereby potentially limiting liquidity, any sales of substantial numbers of Ordinary Shares in the public market, or the perception that such sales might occur, may substantially and adversely affect the market price of the Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate.

Share price

Following Admission, the market price of the Ordinary Shares may be volatile. The Enlarged Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which will be outside the Enlarged Group's control. These factors include variations in the results of operations, developments of the business or that of the Enlarged Group's competitors and any regulatory changes affecting the Enlarged Group's operations. This may cause significant fluctuations in the market price of Ordinary Shares.

Furthermore, stock markets in general have historically experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. These broad market and industry factors may substantially and adversely affect the market price of Ordinary Shares irrespective of the Enlarged Group's actual financial, trading or operational performance.

Lack of liquidity

Due to the limited volume of Ordinary Shares that may be offered for sale or purchase from time to time and the potentially limited number of prospective buyers or sellers of Ordinary Shares, there can be no guarantee that the market for the Ordinary Shares will remain liquid or that all buy and sell orders for the Ordinary Shares will be fulfilled on a timely basis or at all. Any lack of liquidity in the Ordinary Shares may have a material adverse effect on the market price of the Ordinary Shares.

RISKS RELATING TO THE INDUSTRY

Regulatory compliance

The activities of the Enlarged Group are subject to laws and regulation governing taxes, employment standards and occupational health, safety, environmental and other matters. These laws may change and require the Enlarged Group to incur substantial expenditure to comply. Failure to comply with such requirements may result in fines and/or penalties being assessed against the Enlarged Group which could have a material adverse affect on the Group's business, financial condition, trading performance and prospects and have a negative effect on its ability to procure other FRA contracts in the future.

The Enlarged Group's activities will continue to be subject to environmental regulation. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, employment regulations and worker safety. Environmental legislation is likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposals and a heightened degree of responsibility for companies and their directors and employees. If the Enlarged Group is unable to comply with future regulation and is subject to fines or penalties, this may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Uninsured risks

The Enlarged Group may become subject to liability for risks that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Enlarged Group may incur a liability to third parties (in excess of any insurance cover) arising from negative environmental impacts or any other damage or injury. Any such circumstances may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

Taxation

The Group operates, and the Enlarged Group will operate, in a manner to ensure that it has an efficient tax structure. In the event that changes to tax legislation are introduced or the interpretation or application of tax legislation by tax authorities changes, it is possible that they would have an adverse effect and increase the Enlarged Group's effective tax rate. This may have a material adverse effect on the Enlarged Groups business, financial condition, trading performance and prospects.

Litigation

While the Directors and Proposed Directors are not aware, as at the date of this document, of any pending litigation against the Enlarged Group, litigation may be necessary in the future to enforce any contracts to which the Enlarged Group is a party or to enforce any other right afforded to the Enlarged Group. There can be no assurance that adversaries to any litigation proceedings would not be able to devote substantially greater financial resources to any litigation proceedings or that the Enlarged Group would prevail in any future litigation. Any such litigation, whether or not determined in the Enlarged Group's favour or settled by the Enlarged Group, could be costly and may divert the efforts and attention of the Enlarged Group's management and other personnel from normal business operations. This may have a material adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

RISKS RELATING TO ORDINARY SHARES

Marketability

The Ordinary Shares will be traded on AIM rather than the Official List of the UK Listing Authority. An investment in shares traded on AIM may carry a higher risk than an investment in shares quoted on the Official List of the UK Listing Authority. AIM's future success and liquidity in the market for the Company's securities cannot be guaranteed.

Share volatility and investment risk

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares on AIM may have limited liquidity. It is emphasised that no application is being made for admission of the New Ordinary Shares to listing on the Official List of the UK Listing Authority. Furthermore, neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.

The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company and others of which are extraneous. Investors may realise less than the original amount invested. If the business strategy is not successfully implemented or if the Company is not fully able to take advantage of the market for its investment purposes, this may have an adverse effect on the Enlarged Group's business, financial condition, trading performance and prospects.

PART I

LETTER FROM THE CHAIRMAN OF ASFARE

Asfare Group plc

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4966347)

Registered and head office:

Commercial Road
Totton
Southampton SO40 3AE

Directors:

Timothy Wightman	Non-executive Chairman
Anthony O'Neill	Chief Executive Officer
Timothy O'Connor	Group Finance Director
David Chisnall OBE	Non-executive Deputy Chairman
Adrian Bradshaw	Non-executive Director

Proposed Directors:

Marcus John Shannon	Proposed Chief Executive Officer
Raymond Francis Flynn	Proposed Chief Financial Officer

6 March 2007

To Shareholders and, for information only, to participants in the Share Option Plans

Dear Shareholder

Proposed acquisition of AssetCo
Proposed placing of 13,793,104 new Ordinary Shares at 145 pence per share
Approval of waiver of the obligation to make a mandatory offer under Rule 9 of the Takeover Code
Admission of the Enlarged Share Capital to trading on AIM
Change of name to AssetCo plc
and
Notice of Extraordinary General Meeting

1. INTRODUCTION

The Company announced today that it has entered into a conditional agreement to acquire the entire issued share capital of AssetCo, a leading provider of total managed services to UK fire and rescue authorities, for a consideration of approximately £80.2 million. Of this amount, £70.2 million will be satisfied by the issue of the Consideration Shares at 145 pence per share to AssetCo's ordinary shareholders and convertible preference shareholders and the remaining £10.0 million will be paid in cash to Brook Henderson in respect of its holding of AssetCo preference shares.

Furthermore, the Company has today conditionally placed 13,793,104 new shares (the "Placing Shares") with institutional investors, raising approximately £20.0 million before expenses. The Placing Shares are being issued on a non-pre-emptive basis.

By reason of the size of AssetCo relative to Asfare and the fundamental change in Asfare's business, board and voting control, the Acquisition is classified as a reverse takeover under the AIM Rules. The AIM Rules require that completion of the Acquisition is subject to the prior approval of Shareholders, which will be sought at the EGM, and the publication of an AIM Admission document which this document comprises. Furthermore, the Placing is conditional, *inter alia*, on shareholder approval. In conjunction with the Acquisition, Asfare proposes to change its name to AssetCo plc and make certain changes to its capital.

In addition, because the Concert Party will, as a result of the Acquisition, receive Ordinary Shares representing more than 30 per cent. of the Enlarged Share Capital, the Company is seeking a waiver of Rule 9 of the Takeover Code, which would otherwise require the Concert Party to offer to acquire those Ordinary Shares that they do not own. A proposal seeking Shareholder approval of the Waiver is included in the notice of EGM set out at the end of this document.

The Acquisition and the Placing are conditional, *inter alia*, upon the passing of the Resolutions by Shareholders at the EGM.

The purpose of this document is to explain the background to and reasons for the Acquisition and Placing and why the Directors believe that they are in the best interests of Asfare and its Shareholders as a whole.

2. INFORMATION ON ASSETCO

Introduction

The origins of the AssetCo business date back to 1995 when British Gas created a subsidiary, The Leasing Group plc ("TLG"), to manage independently the fleet and fleet-related equipment of British Gas (now National Grid).

In February 2001, TLG commenced a 20-year PFI contract for LFB (London Fire Brigade) issued by LFEPA (London Fire and Emergency Planning Authority). This was the largest outsourced emergency services equipment contract worldwide and the first FRA total managed services contract in the UK to be outsourced. The contract includes the procurement, supply, maintenance and lifecycle replacement of LFB's fire appliances, specialist fire and rescue vehicles and operational equipment. The contract also included a transfer of ownership of all vehicles and 20,000 items of equipment, workshop staff (under TUPE), management of existing workshops and all risk associated with operational processes and front line vehicle and equipment availability from LFB to TLG.

TLG was acquired by a privately owned leasing company, Brook Henderson in October 2002. Brook Henderson subsequently rebranded itself as AssetCo and disposed of certain non-core assets, retaining other business interests and client contracts including the contract with LFEPA.

Whilst under Brook Henderson's ownership, AssetCo completed the following acquisitions:

Date of acquisition	*Company name*	*Cost*	*Activity*
September 2003	SVO	£5.1m	Conversion of standard vehicles to meet the enhanced vehicle specification requirements for police authorities.
October 2003	Papworth	£2.4m	Design and build of vehicles for all emergency services agencies, including FRAs, police authorities and ambulance services trusts.
October 2003	FMI	£1.3m	Fleet management services.
November 2003	Fleet Solutions Limited	£11.0m	Fleet management services and contract hire.

On 5 October 2005, John Shannon led the management buy-in/buy-out ("BIMBO"), backed by HBOS plc, of AssetCo's emergency and fleet-related business, including Papworth, SVO and the Ireland fleet management operations, for a consideration of £45 million.

The strategic rationale for the BIMBO was that FRAs, both locally and nationally, were embarking upon a period of major change which presented a significant opportunity for AssetCo. Additional statutory responsibilities had been placed upon them through government legislation with emphasis on the need for FRAs to adapt and change established practices and thinking. One of the main elements of the modernisation agenda is that all FRAs in England and Wales are now required to produce an annual action plan supporting incremental change in delivery of services and usage of resources in order to meet the expectations of central government as outlined in the National Framework Document.

In April 2006, AssetCo commenced a 20-year PPP contract for the Lincolnshire Fire and Rescue Service ("LFR"). This was the second fully managed service contract issued on behalf of an FRA and was for the procurement, supply, maintenance and lifecycle replacement of LFR's fleet, fire and rescue vehicles and operational equipment.

Since the BIMBO, AssetCo has entered into the following acquisitions:

Date of acquisition	*Company name*	*Cost*	*Activity*
December 2006	FSE	£1.4m	Distributor of hydraulic rescue equipment.
Acquisition agreed 23 November 2006 (completion expected on the day of Admission)	Simentra	£0.5m	Homeland security and civil contingency planning.

Since the BIMBO, the directors of AssetCo:

- have positioned AssetCo to capitalise on its first mover advantage in the fire market through equipping the company with the capability and competencies to win future total managed services contracts;
- have reduced the high fixed cost base to a more variable cost base, thereby allowing increased flexibility to align AssetCo's cost base with its operations;
- exited, or are in the process of exiting, from pre-BIMBO fleet management contracts which had low margin returns;
- have relocated the main headquarters from an administrative centre in Reading to an existing under-utilised operational facility in London, thereby delivering significant operational and financial benefits; and
- have relocated the back office functions to Ireland to manage group business support and deliver a lower cost base.

In December 2006, AssetCo secured £5.0 million of funding from J O Hambro which enabled AssetCo, *inter alia*, to complete the acquisition of FSE.

The Ongoing Directors believe that the LFB and LFR contracts endorse AssetCo's total managed services model and provide a template upon which FRAs and other emergency services can base their service delivery.

With first mover advantage in the delivery of total managed services to the fire market, the Ongoing Directors believe that AssetCo is well positioned to build a significant and leading position in the provision of total managed services for vehicles and equipment, equipment supply and specialist vehicle design and build to the FRAs and other emergency services. The Ongoing Directors also believe that with change and modernisation high on the agenda for all emergency services, AssetCo is well placed to meet the needs for similar outsourced requirements within ambulance service trusts and police authorities.

Accordingly, AssetCo's focus and capability is now predominantly geared towards the fire market.

AssetCo has approximately 380 employees across five primary locations.

AssetCo's business

AssetCo is a leading provider of total managed services to UK fire and rescue authorities (source: management information). AssetCo also designs, builds and converts specialist vehicles and equipment for emergency and mission critical service clients. The breadth of AssetCo's capabilities allows it to provide clients with a service covering all of their vehicle and operation equipment needs.

The directors of AssetCo believe that the company's success in the fire market is not only attributable to the value and service it brings, but also in its adoption of a partnering approach to operational solution design, an approach compatible with the partnering philosophy advocated by the FRAs. In addition, following the transfer of staff from LFB and LFR, AssetCo has direct knowledge, skills and experience in running mission critical operational infrastructures, which the directors of AssetCo believe is a key cultural and operational differentiator to its competitors. A substantial number of AssetCo employees have previously been employed in the fire service.

AssetCo Total Managed Services

AssetCo's total managed services model is built on long-term contracted relationships and brings together the capabilities of AssetCo in order to provide for its clients' vehicle and equipment needs.

AssetCo creates an interdependent partnering approach with its clients where both parties share knowledge and work collaboratively to deliver improved availability for vehicles and operational equipment, which the directors of AssetCo believe is essential if the long term capability and expectations of the FRAs in meeting their immediate and future Integrated Risk Management Plans ("IRMPs") are to be realised.

AssetCo's total managed services model is designed to deliver value for money solutions and be affordable (within budget) in the provision, supply, maintenance and lifecycle management of all vehicles and operational equipment. Transferring the ownership, risk and management of vehicles and equipment from the FRAs to AssetCo enables the FRAs to concentrate on their core activities.

Risk transfer to AssetCo takes place under a contractual arrangement whereby AssetCo provides guaranteed levels of vehicle and equipment availability across defined territories, at defined locations. Through this risk transfer and contractual arrangement, FRAs are able to equip themselves with a mechanism that delivers their vehicle and equipment requirements and enables change to vehicle and equipment inventories over the total contracted period thereby assisting FRAs in fulfilling their future IRMP requirements.

Vehicles and equipment are designed to meet client performance and diversity specification requirements and are regularly refreshed to incorporate new technologies. AssetCo provides familiarisation training on new equipment supporting the FRAs' statutory duty under the Fire and Rescue Services Act 2004 to maintain competency of their personnel.

The Ongoing Directors believe that AssetCo's total managed services model provides clients with the following benefits:

- guaranteed levels of vehicle and equipment availability at the point of need;
- early life replacements and refreshed technologies that enable faster access to technologically advanced vehicles and equipment which assists clients in meeting their statutory obligations under the Civil Contingency Act 2004 and the Fire and Rescue Services Act 2004;
- flexible solutions, designed in partnership with FRAs to meet local needs;
- release of front line staff from non-core activities thereby enabling clients to meet the increased demand in delivering community safety initiatives brought about by the modernisation agenda; and
- budgetary stability, assisting in eliminating the uncertainty of future payments brought about by public sector planning cycles.

AssetCo's largest contract is the 20-year PFI contract with LFEPA for total managed services of LFB vehicles and equipment. This was the first FRA total managed services contract in the UK to be outsourced. The original stated contract value was £292 million. The Proposed Directors estimate that the current contract value is £400 million based on additional equipment added through the PFI contract change procedure. The existing contract includes the procurement, supply, maintenance and lifecycle replacement of LFB fire appliances, specialist fire and rescue vehicles and operational equipment. Following Admission, Asfare will be substituted as the guarantor, in place of AssetCo, under the LFB contract.

Under the terms of the LFEPA contract, AssetCo is required to repair or replace any critical vehicle or equipment item with a defect that renders it unavailable to LFB within up to two hours of the defect being reported. Revenue abatements are applied in the event of failure to meet this performance target. Over the last five years, the level of revenue abatement applied by LFB has been less than one per cent. of contract revenues. Further controls have been introduced since the BIMBO to service delivery management, which the directors of AssetCo expect to reduce revenue abatement costs further.

In April 2006, AssetCo commenced a 20-year PPP contract with LFR. This is a £60 million total managed services contract for the procurement, supply, maintenance and lifecycle replacement of LFR's fleet, fire and rescue vehicles and operational equipment. Services provided to LFR include managed services for hoses and supply of general consumables, a new service which expands AssetCo's offering over that which is provided as part of the PFI contract with LFEPA. LFR's vehicles and equipment are currently on contract hire from a third party supplier. As these vehicles and equipment reach contract end date, they will be replaced with vehicles and equipment owned by AssetCo. This replacement programme is due to commence in June 2007.

Under the terms of the LFR contract, AssetCo is required to repair or replace any critical vehicle or item of equipment with a defect that renders it unavailable within up to four hours of the defect being reported, with revenue abatements being applicable in the event of failure. Since the start of the LFR contract, there have been no revenue abatements.

During the six months ended 30 September 2006, total managed services revenue (including the LFEPA and LFR contracts) was £9.1 million and gross margins were 33.1 per cent. (source: audited non-statutory financial statements).

The contracts secured by AssetCo represent the total managed services contract for the largest urban fire brigade in Europe (LFB) and the largest total managed services contract with a rural fire brigade in England (LFR). AssetCo now owns and manages approximately 650 fire and rescue vehicles and appliances, approximately 50,000 items of operational equipment and approximately eleven per cent. of all of England's frontline and reserve pumping appliances. AssetCo has the scalability, design, capability and the range of services required to meet the needs of county, metropolitan and combined FRAs. The Proposed Directors estimate that the replacement cost for all vehicles and equipment provided as part of the total managed services to LFB and LFR is approximately £73 million.

AssetCo Engineering

AssetCo Engineering manages eight specialist vehicle and equipment workshops servicing existing clients, including a dedicated emergency workshop covering approximately seven acres in London.

AssetCo Engineering's workshops are an integral component in delivering the vehicle and equipment availability service levels set out in the individual client contracts. Engineers are emergency trained and have the specialist knowledge and skills required to maintain vehicles and equipment unique to the fire market.

AssetCo Engineering has also established a network of mobile technicians who deliver fast and effective roadside repair to vehicles and equipment, and provide engineering support to clients that operate in remote locations.

AssetCo Engineering's clients include AssetCo Total Managed Services, the UK Ministry of Defence, HM Prison Service and various local authorities and health authorities.

Services provided by AssetCo Engineering include:

- emergency workshop and equipment engineering services;
- collection and delivery of vehicles and equipment;
- testing and inspection of vehicles and equipment; and
- technical maintenance scheduling.

During the six months ended 30 September 2006, AssetCo Engineering's revenue was £1.2 million and gross margins were 18.5 per cent. (source: audited non-statutory financial statements).

AssetCo Specialist Vehicle Design and Build

Re-focused since the BIMBO, and with a strong heritage based on the Papworth and SVO operations, AssetCo's specialist vehicle design, build and conversion operation, located in Papworth, Cambridgeshire is one of the UK's leading suppliers of emergency services vehicles.

AssetCo is an approved supplier of fire-pumping appliances to the fire market. During 2007, AssetCo intends to build 130 fire-pumping appliances representing over 55 per cent. of the UK's estimated new fire-pumping appliances expected to be produced for 2007. AssetCo currently provides a range of fire rescue units and operational service vehicles to LFB and LFR.

AssetCo is an NHS PASA (purchasing and supply agreement) framework approved supplier for fast response (accident and emergency) vehicles and built over 100 ambulances in 2006.

AssetCo designs and provides a specialist build service for police vehicles. In 2006, over 2,000 vehicles were supplied by AssetCo to police authorities in the UK.

AssetCo has recently been awarded a national framework agreement for the supply of fire-pumping appliances to the fire and rescue service. The Ongoing Directors intend to leverage off this agreement and increase further AssetCo's focus on promoting capability in specialist design and build in the fire and rescue market.

AssetCo Specialist Vehicle Design and Build provides clients with the following benefits:

- turnkey vehicle design, development and manufacturing services;
- coordination of all supply chain and build activities, through to commissioning and handover;
- modifications to vehicle body or standard features tailored to meet specific needs; and
- installation of data and communication systems.

During the six months ended 30 September 2006, AssetCo Specialist Vehicle Design and Build revenue was £6.4 million and gross margins were 10.6 per cent. (source: audited non-statutory financial statements).

AssetCo Operational Equipment Services

Established since the BIMBO, AssetCo Operational Equipment Services currently supplies operational equipment to over 70 per cent. of all UK FRAs. The Enlarged Group will be the largest purchaser of fire appliances and fire equipment within the UK and Republic of Ireland, supplying operational equipment products to all FRAs in the UK.

The Ongoing Directors intend to develop further the Enlarged Group's operational equipment capability to enhance the range of total managed services currently provided through the selective acquisition of UK-based complementary businesses and strategic partnerships.

AssetCo's Operational Equipment Services business provides clients with the following benefits:

- reduced cost through the buying power of AssetCo;
- specialist procurement services that ensure only fire market compliant products are supplied;
- increased equipment compatibility through integrating design technologies; and
- use of "green" product technologies that assist in reducing the impact on the environment.

AssetCo Business Support Services

Established since the BIMBO, AssetCo Business Support Services provides back office support to emergency and other existing service critical clients. The Ongoing Directors intend to market these services further as a standalone business service support offering.

AssetCo provides a 24 x 7 x 365 call and client services centre for accident management, vehicle and equipment hire and other service/user related queries.

Client services include:

- operational control and call centre management;
- vehicle and plant hire;
- vehicle and equipment breakdown and after sales management service; and
- finance and administration support services.

During the six months ended 30 September 2006, AssetCo Business Support Services revenue was £1.9 million (source: audited non-statutory financial statements).

AssetCo Consulting

Established since the BIMBO, the Ongoing Directors intend that AssetCo Consulting will provide independent advice on "best practice and best value" in civil contingency planning.

AssetCo has agreed, conditional upon Admission, to acquire Simentra, a specialist Northern Ireland based consultancy boutique, with a well established brand in homeland security and civil contingency planning, for £0.45 million in cash. Simentra's diverse team of experienced front line/first responders, who have experience at all levels of emergency services operations, have spoken at international conferences in this evolving and critical aspect of integrated risk management.

Other operations

AssetCo provides a number of other services through operations acquired as part of the BIMBO that are outside of the fire and rescue services sector. These include the provision of vehicle contract hire services for Northern Ireland Electricity, fleet management services for Scottish Water and spot hire operations in the UK. AssetCo has exited the majority of its fleet management contracts. Accordingly, the Ongoing Directors expect revenue from fleet management to reduce substantially. The Ongoing Directors intend to review these operations and consider the timing of any future exit from non-fire and rescue service related contracts.

During the six months ended 30 September 2006, revenue from other operations was £34.3 million and gross margins were 6.1 per cent. (source: audited non-statutory financial statements).

AssetCo's markets

There are 59 FRAs in the UK, comprising of 47 in England, three in Wales, eight in Scotland and one in Northern Ireland. Collectively, these FRA's total estimated annual expenditure is £2.6 billion of public money in 2006/7 (source: PKF). The Proposed Directors estimate that AssetCo's share of LFB's budgeted expenditure for 2006/7 of £407 million will be approximately five per cent.

All FRAs are responsible for tending fires, delivering community fire safety and responding to road traffic accidents, flooding and major emergencies. Day-to-day management of the FRA is undertaken by the Chief Fire Officer who is responsible to the community through a local authority member or members appointed to the FRA.

There is significant variation in the scale of, and local circumstances facing, FRAs. Some are predominantly rural authorities with relatively small populations and others are mainly urban with large populations. Numbers of FRA staff range from 25 in the Isle of Wight to nearly 7,000 in London.

Whilst other organisations have the depth of resource to continue to target this market, the Ongoing Directors believe that AssetCo retains a significant advantage by having won the first two outsourced fire contracts, demonstrated capability in delivering tailored solutions to meet local FRA needs and established a level of trust and confidence that is essential to the mission critical service market.

Fire and rescue market drivers

The Fire and Rescue Services Act 2004 requires FRAs to develop and deliver the strategic objectives of the National Framework Document. FRAs are also under pressure to deliver savings under the Gershon Efficiency Review as well as to undertake improvement planning and manage performance against service objectives under the statutory basis of best value. Faced with uncertain levels of government funding, and the recognition that the reform agenda and associated agreement on pay and terms and conditions, has and will have significant financial ramifications, AssetCo provides the capability and capacity to support FRAs in seeking out alternative methods of supporting 'front end' service delivery.

Following the 11 September 2001 attacks on the World Trade Center and accelerated by the attacks of 7 July 2005 in London, the UK Government established the CCCP. The aim of the CCCP is to enhance the country's preparedness and resilience by improving the capability of the FRAs and other organisations to respond to major and catastrophic incidents. As of July 2006, the UK Government has invested approximately £200 million in vehicles and equipment in support of this programme. The UK Government has also committed to spend up to £16 million per annum to help meet the costs of crewing these new vehicles and is working with the Chief Fire Officers association and the local government association on the allocation of these funds.

The Ongoing Directors expect a requirement to be placed on the FRAs to perform duties that go beyond their current statutory obligations to respond to fires, special services and major incidents. In addition, FRAs will be required to plan and prepare for catastrophic incidents identified by the CCCP in areas such as:

- chemical, biological, radiological and nuclear incidents;
- industrial and domestic accidents;
- chemical spills and collapsed buildings;
- natural disasters; and
- floods and earthquakes.

By order of the Secretary of State for Communities and Local Government, responsibility for maintaining the CCCP vehicles and equipment will transfer from the CLG to FRAs in Spring 2007. As an interim measure, the CLG has elected to invite tenders for a one year contract for the maintenance only of CCCP vehicles. This contract is targeted by the CLG to commence in Spring 2007.

The Ongoing Directors believe that a comprehensive managed service tender will be issued to the private sector in March 2007. This will be for the provision of support for FRAs in ensuring national capability is maintained through long term capability management of CCCP vehicles and equipment.

The Ongoing Directors believe that, with its successful track record in winning vehicle and equipment managed service contracts in the fire market, its networked national infrastructure with the required skills and knowledge to provide an interim solution, and with its established track record of delivering mission critical operational infrastructures and long term capability management across the UK, AssetCo is well positioned to secure both the interim and longer term CCCP contracts described above.

Fire and rescue market size

Based on current prices, PKF estimates that the potential market size for UK fire and rescue fleet services is approximately £172 million per annum. In addition, the Ongoing Directors estimate that the potential market size relating to the CCCP is approximately £10 million per annum. Therefore, the Ongoing Directors believe that this implies a total addressable UK vehicle total managed services market of £3.6 billion, including a market relating to the CCCP in England of £200 million, based on typical 20-year contract agreements.

AssetCo currently holds both of the current total vehicle and equipment managed service fire contracts, with an initial aggregate contract value of £17 million per annum.

Market and new product development

AssetCo intends to expand its total managed services offering, particularly in the areas of equipment managed service support. The Ongoing Directors intend to utilise their experience in delivering improvements and efficiencies in the provision and support of specialist equipment to the fire services market to other emergency services agencies and organisations in the UK such as the UK Ministry of Defence.

In addition, as a result of discussions with manufacturers and distributors of specialist equipment, the Ongoing Directors believe that there is a significant opportunity for specialist equipment "after care" service and support. The Ongoing Directors believe that the development of an expanded and national equipment managed service, with endorsement from specialist manufacturers and distributors, could provide increased entry points into new clients and enables further expansion into AssetCo's addressable market.

New markets

In addition to the FRAs, AssetCo already provides services and products into both the UK police and ambulance sectors.

The UK police market consists of 43 police authorities which, as a result of the Gershon Efficiency Review, are under pressure to deliver savings as well as to undertake reviews of how to deliver efficiencies at a local level and deliver improved community safety.

On 1 July 2006, the existing 29 UK ambulance trusts were merged to create 12 UK regional ambulance trusts, with the objective of reducing bureaucracy and committing more money to invest in front line vehicles and equipment. UK ambulance trusts are being encouraged to adapt, change and seek alternative means of improving services and reducing costs through partnerships with the private sector.

The Ongoing Directors believe that, with increased cost pressure in each of the emergency services and an increasing need to standardise products and leverage existing infrastructure, opportunities exist to generate synergies and improve services across the emergency services through adoption of the AssetCo total managed services business model.

Financial information on AssetCo

Prior to the BIMBO, the AssetCo Group did not exist in its current form but was part of a larger group. The BIMBO brought together a number of subsidiaries and contracts. In addition, AssetCo has withdrawn from all except one of the fleet management contracts acquired as part of the BIMBO. Financial information on those subsidiary companies that currently form part of the AssetCo Group for the three years ended 31 March 2006 is set out in Part II of this document.

The selected consolidated financial information on the AssetCo Group (post-BIMBO) set out below, as at and for the six months ended 31 March 2006 and 30 September 2006 respectively, is presented in accordance with UK GAAP and has been extracted, without material adjustment, from the financial information set out in Part II of this document. Shareholders should read the whole of this document and not just rely on the summarised information set out below.

	Six months ended 31 March 2006 £'000	*Six months ended 30 September 2006 £'000*
Revenue	62,119	52,941
EBITDA[(1)]	7,780	8,147
Operating profit	1,584	2,522
Interest	(1,699)	(1,292)
(Loss)/profit before taxation	(115)	1,230
Taxation	302	113
Profit after taxation	187	1,343
Net assets	3,258	4,601
Net debt[(2)]	68,645	52,786

(1) Earnings before interest, taxation, depreciation and amortisation.

(2) Net debt excludes the AssetCo preference shares of £10 million.

Turnover decreased in the six months to 30 September 2006 as build consultancy for the UK utility contracts was reduced and AssetCo exited the majority of its fleet management contracts during this period. As both of these activities were high volume but low margin, the effect of exiting these businesses improved margins. In addition, since the BIMBO, there has been an ongoing review of all costs in AssetCo which resulted in further improved margins. A continuous improvement programme has been put in place to review all aspects of the AssetCo Group with the aim of achieving further margin improvement. Profit before tax improved from a loss of £115,000 in the six months ended 31 March 2006 to a profit of £1,230,000 in the six months ended 30 September 2006 after charging £1 million for goodwill amortisation in each period.

Net debt has decreased from £68.6 million to £52.8 million due to exiting the majority of the fleet management contracts, which reduced debt by £14.3 million and the net repayment of £1.5 million of other loans.

3. INFORMATION ON ASFARE

Asfare, a leading supplier of products and services to the emergency and homeland security markets in the UK (source: management information), was incorporated in July 2003 and was admitted to trading on AIM in December 2003. Asfare supplies operational equipment products and services to more than 90 per cent. of the UK FRAs. Asfare comprises two divisions:

- the search and rescue division; and
- the protection and detection division.

The search and rescue division comprises AS Fire and Rescue and Collins Youldon. AS Fire and Rescue is an established manufacturer of an extensive range of ladders, gantries and ancillary equipment sold under several brand names to emergency and rescue services in the UK and internationally. AS Fire and Rescue's principal customers are FRAs, airports, police forces and AssetCo with exports comprising approximately 15 per cent. of turnover. AS Fire and Rescue has successfully launched a new lightweight roller shutter which is proving attractive to the European markets. De-mount systems and beam gantries are also being developed, particularly focused on the utility and European markets. The Directors believe that the establishment of AS Security Equipment BV in February 2006 will be a catalyst for sales into European markets with significant growth expectations in the next two years. Within AS Fire and Rescue, the Directors are exploring opportunities in the Malaysian and Australasian markets and expect there to be significant opportunities in these regions in 2007 and 2008.

Collins Youldon, acquired by Asfare in June 2006, manufactures hose reels, cable drums and a range of related products for both the fire-fighting and the oil tanker industries. Collins Youldon is the largest supplier of vehicle mounted hose reels in the UK, with exports comprising approximately 37 per cent. of turnover. Collins Youldon recently recruited a new managing director, who is undertaking a review of potential new areas of product development

The sole trading entity in the protection and detection division is Todd Research, acquired by Asfare in November 2005, which manufactures advanced package screening units. In 2005, Todd Research launched a full upgrade to its premium product range including colour X-ray image and powder detection capability. Further developments in 2006 include a remote access and network functionality for the premium range and a 'Basix' range targeting SMEs for entry level scanning. Todd Research has increased its direct sales approach through the recruitment of a focused salesman to develop the existing customer base to include more facilities management companies and to look beyond the traditional blue chip companies and government agencies, targeting high profile retail outlets, hotels and schools.

Financial information on Asfare

The selected financial information set out below, as at and for the three years ended 31 March 2006, is presented in accordance with UK GAAP and has been extracted, without material adjustment, from the financial information set out in Part III of this document. Shareholders should read the whole of this document and not just rely on the summarised information set out below.

	Pro forma (unaudited) Year ended 31 March 2004	*Year ended 31 March 2005*	*Year ended 31 March 2006*
	£'000	*£'000*	*£'000*
Revenue	4,389	3,925	4,905
EBITDA(1)	837	387	646
Operating (loss)/profit	(360)	190	456
Interest	(41)	(81)	(98)
(Loss)/profit before taxation	(401)	109	358
Taxation	(165)	10	(45)
(Loss)/profit after taxation	(566)	119	313
Net assets	2,885	2,962	3,966
Net debt	1,033	693	1,329

(1) Earnings before interest, taxation, depreciation, amortisation and exceptional items.

In order to enable useful comparison of the Group's performance pro forma information has been set out for the year ended 31 March 2004. The pro forma results for the year ended 31 March 2004 represent the actual consolidated results of Asfare from the date of incorporation together with the results of Speed 5019 Limited and its subsidiaries from 1 April 2003 until its acquisition by the Company on 12 December 2003.

The financial information set out above includes the trading results for AS Fire and Rescue and Todd Research since the date it was acquired on 11 November 2005.

Turnover for the year ended 31 March 2006 amounted to £4,905,000, a growth of 25 per cent. above turnover of £3,925,000 in the previous year (pro-forma 2004: £4,389,000). AS Fire and Rescue's turnover increased in the year to 31 March 2006 by 4 per cent. to £4,092,000 over the prior year and Todd Research recorded £813,000 in sales. Gross margins in the year ended 31 March 2006 were 57.8 per cent. (2005: 52.9 per cent., 2004: 54.2 per cent.). The AS Fire and Rescue gross margin was improved by the mix of sales and higher margin products, particularly in the second half of the year. Todd Research's gross margin was improved as more of the new product range was sold.

4. BACKGROUND TO AND REASONS FOR THE ACQUISITION AND THE PLACING

The Ongoing Directors intend to increase the Enlarged Group's share of existing client expenditure by providing an enlarged service offering and by cross-selling into the existing client bases of Asfare and

AssetCo. Organic growth is planned through the sale of additional products and enhanced services, including total managed services and consultancy. The Enlarged Group will have all the FRAs as clients.

The Directors and the Proposed Directors believe that the Acquisition brings together two experienced and specialist UK fire services companies and management teams, and will:

- demonstrate the Enlarged Group's commitment to the UK fire market;
- establish the attractiveness of the Enlarged Group as a strategic partner for other key fire market suppliers;
- provide the Enlarged Group with increased purchasing power within the total fire product supply market in the UK; and
- reduce operating costs through integrated Enlarged Group support services functions.

In addition, the Ongoing Directors believe that the Acquisition will provide clients of the Enlarged Group with the following benefits:

- a service-led solution based on value, not cost;
- increased client choice and flexibility through an expanded range of products and total managed services;
- integrated supply chain management, able to deliver products and total managed services from a single source supplier; and
- integrated technologies that are able to deliver technically advanced vehicles and operational equipment.

As a larger listed company with a balance sheet strengthened by the net proceeds from the Placing the Directors and the Proposed Directors believe the Enlarged Group will gain an enhanced profile within its chosen markets which will assist it in winning new contracts in the future, particularly in the fire services market.

The recruitment, retention and reward of employees is a critical factor in the future success of the Enlarged Group. The Directors and the Proposed Directors believe that the Acquisition and the Placing will help the Enlarged Group to continue to recruit and retain skilled staff and thereby continue to grow.

5. STRATEGY OF THE ENLARGED GROUP

The Ongoing Directors' objectives are to:

- capitalise on AssetCo's first mover advantage in total managed services for the fire and rescue service;
- build on long term contracted client relationships and engage at strategic planning level;
- leverage off Asfare's and FSE's existing relationships to further organic growth;
- horizontally integrate into the supply chain through selective acquisitions and strategic partnerships;
- pull-through additional value added services into the existing client base; and
- replicate the total managed services model across other emergency services agencies.

6. PROFIT FORECAST FOR THE YEAR ENDING 31 MARCH 2007 AND FORECAST NET DEBT AT 31 MARCH 2007

The Ongoing Directors estimate that pro-forma turnover, EBITDA before transaction costs and the cost of share based payments and profit before taxation, amortisation, transaction costs and the cost of share based payments for the Enlarged Group for the year ending 31 March 2007 will be approximately £103.2 million, £17.9 million and £6.2 million respectively. This is based on the aggregate of the forecast turnover (after the elimination of pro-forma intercompany sales of £1.1 million), EBITDA before transaction costs and the cost of share based payments and profit before taxation, amortisation, transaction costs and the cost of share based payments for the year ending 31 March 2007 for each of Asfare and AssetCo. Further information in respect of the profit forecasts is set out in Part V of this document.

The Ongoing Directors estimate that the Enlarged Group will have net debt of approximately £52.7 million at 31 March 2007, comprising acquisition debt of £21.3 million, asset finance (emergency) of £25.7 million, asset finance (non-emergency) of £11.0 million and working capital of £1.0 million, less cash balances of £6.3 million. Net debt excludes the AssetCo preference shares of £10 million.

7. CURRENT TRADING AND PROSPECTS

The Ongoing Directors believe that the UK fire market is relatively underdeveloped and offers significant growth potential for total managed services.

AssetCo

AssetCo has won both of the fully outsourced fire vehicle and equipment managed services contracts (each being for 20 years) that the UK fire services have awarded to date. The UK fire services sector is increasingly moving towards outsourcing and the Ongoing Directors are confident that the Enlarged Group is well positioned to win additional fire service contracts.

AssetCo is currently working on proposals in relation to total managed services provision for ten FRAs, expected by the Ongoing Directors to be awarded over the next three years, with potential contract values, in aggregate, of approximately £24 million per annum (£480 million over a 20-year contracted period). In conjunction with the CCCP, the Ongoing Directors believe that contract awards with a value of approximately £34 million per annum could be made between 2007 and 2009.

Asfare

In the six months ended 30 September 2006, Asfare's turnover doubled to £3.6 million from the same period in the prior year, growing both organically and through acquisition. The Directors believe that the strength of Asfare's order book and the continuing improvement in its markets provide a sound platform for continued growth. The Directors believe the prospects beyond the current financial year are strong as Collins Youldon and Todd Research begin to benefit from the market opportunities and synergies of being part of the existing Asfare Group.

The Enlarged Group

The Ongoing Directors are confident in the underlying financial and trading prospects of the Enlarged Group for the current financial year and the financial year ending 31 March 2008.

8. USE OF PROCEEDS OF THE PLACING

The Ongoing Directors intend to use the net proceeds of the Placing as follows:

- £10.0 million to provide the Company with funds to satisfy the cash consideration due to Brook Henderson under the terms of the Acquisition Agreements;
- £3.5 million to refinance existing debt obligations; and
- £3.5 million for working capital purposes.

9. DIVIDEND POLICY

The Ongoing Directors intend to adopt a progressive dividend policy taking into account the earnings potential of the Enlarged Group and the growth and development opportunities available to it, while maintaining appropriate levels of dividend cover. The Board will continue to review the appropriateness of its dividend policy as the Enlarged Group develops.

10. SHARE OPTION PLANS

The Company operates the Share Option Plans to incentivise directors and employees of the Enlarged Group. The terms of these plans are summarised in paragraph 7 of Part VI of this document.

The Ongoing Directors intend to grant options under the Share Option Plans over Ordinary Shares following completion of the Acquisition. These options will have an option exercise price equal to the Placing Price. Further details are set out in paragraph 7 of Part VI of this document.

11. DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGEMENT

It is proposed that, on Admission, John Shannon will join the Board as Chief Executive Officer and Frank Flynn will join the Board as Chief Financial Officer. It is also proposed that, following their management of Asfare through a period of organic and acquisitive growth, Tony O'Neill and Tim O'Connor will stand down from the Board following Admission and Tim O'Connor will step down as Company Secretary. In addition, David Chisnall will step down as Deputy Chairman but will remain on the Board as a non-executive director. In addition, the Ongoing Directors intend to appoint a further non-executive director with significant fire industry experience during 2007.

Directors

Timothy Redmayne Wightman, Non-executive Chairman

Tim Wightman (aged 60) is currently non-executive chairman of Petards Group plc, an AIM quoted company and was non-executive chairman of Digica Group Holdings Limited, an IT outsourcing company backed by Bridgepoint Capital, until its sale to Computacentre PLC in January 2007. In 2000, as chief executive officer, he led a management buy-in of Knurr A.G., a German manufacturing business listed on the Munich Stock Exchange. Prior to that, he was chief executive of Rubicon Group plc, a company listed on the London Stock Exchange, from 1992 until its sale to Applied Power Inc. in 1998 when he became senior vice president of Applied Power Inc. and President of APW Enclosure Systems Division. From 1988 he was chief executive of CAS Group plc, a 3i backed business, until its sale to Intrum Justitia BV in 1992. Prior to that he worked at Yule Catto & Co. Ltd, Chloride Group PLC and Lloyds Bowmaker plc, where he became managing director of the Personal Lending Division. He holds an engineering degree and an MBA.

Anthony Arthur O'Neill, Chief Executive Officer

Tony O'Neill (aged 55) has held a number of senior appointments in the security industry including Chairman of the British Security Industry Authority, member of the National Security Inspectorate and adviser to the Security Industry Authority. He is a member of the Security Institute and the Company of Security Professionals. He was previously UK Managing Director of Initial Security at Rentokil Initial and prior to that worked in business to business services with responsibility for processing businesses with BET (British Empire & Traction). Prior to this he worked in sales and marketing in fast moving consumer goods with blue chip organisations, Cadbury Schweppes (1972 – 1984) and Allied Lyons (1984 – 1991).

Tony O'Neill is standing down from the Board on Admission.

Timothy Paul O'Connor, Group Finance Director

Tim O'Connor (aged 38) was appointed in 2005. Prior to this he was chief financial officer of Tandberg Television ASA ("Tandberg") from 2002 and finance director from 1999. He led Tandberg through a successful turnaround, completed a major acquisition in the US and built the investor base particularly in the UK and US. Prior to working for Tandberg, he had roles at NDS, GEC-Marconi and France Telecom. He is a Fellow of the Institute of Chartered Management Accountants and holds an MBA.

Tim O'Connor is standing down from the Board on Admission.

David Peter Chisnall OBE, Non-executive Deputy Chairman

David Chisnall OBE (aged 55) is currently chairman of FIRESA, the trade body representing the major equipment suppliers to the FRAs. He also convenes the European Standard Committee formulating the new EU standards for fire equipment. He was awarded the OBE in the 2006 Queen's Birthday Honours for his services to the fire industry. In 1995, as managing director, he led the management buy-out of Angus Sacol with backing from Midland Growth Capital and 3i. In 2002, he led the buy-out of the shareholding of Midland Growth Capital and 3i thereby acquiring 100 per cent. control through Speed 5019 Limited to form the Speed Group. Prior to this, he was sales manager of the Aerial Equipment Division at Carmichael Fire (fire vehicle manufacturers) having joined the company in 1972. He began his career with an engineering apprenticeship at Staveley Machine Tools.

Adrian Effland Bradshaw, Non-executive Director

Adrian Bradshaw (aged 50) is currently and has been a director of a number of public and private companies. He previously worked for Citicorp Scrimgeour Vickers, NatWest Markets and Guidehouse Limited and in 1989 he was appointed head of corporate finance at Arbuthnot Latham Bank. In 1991, he became chief executive of Incepta Group PLC before establishing Bradmount Investments Limited in 1993 as a private investment company where he has been involved in a number of flotations notably GW Pharmaceuticals plc, RWS Group plc, Medical Solutions plc and Atlantic Global plc. He holds a BA (Hons) in law.

Proposed Directors

Marcus John Shannon, proposed Chief Executive Officer

John Shannon (aged 41) led the BIMBO of the AssetCo Group in October 2005. He acquired Star Rentals Limited in 1997 and by January 2000, following the acquisition of the Lex Transfleet subsidiary in Northern Ireland, Chart Hire Services Limited, had formed Northern Ireland's largest independent commercial vehicle hire company, FMI. Upon selling FMI to AssetCo he became a board member of AssetCo and managing director of AssetCo (Ireland) Limited, AssetCo Emergency Limited and AssetCo Vehicles Limited. Until 1996, he worked in Bank of Ireland's Corporate and International Banking division, prior to which he worked at KPMG. He holds a BSc (Hons) in Marine Biology, is a fellow of the Institute of Chartered Accountants in Ireland, a fellow of the Institute of Logistics and Transport, a member of the Institute of Bankers and holds an MBA.

Raymond Francis Flynn, proposed Chief Financial Officer

Frank Flynn (aged 43) is currently Finance Director of the AssetCo Group and was part of the BIMBO team that acquired the AssetCo Group in October 2005. In the four years leading up to the BIMBO, he was an associate partner at PricewaterhouseCoopers ("PwC") with specific focus on realising shareholder value. He was responsible for activities in PwC's Omagh and Derry offices and managed human resources for Northern Ireland Assurance, a division of PwC employing over 300 people. He also managed a portfolio of audit clients. Prior to this, he worked for three years within the corporate finance division of the Industrial Development Board for Northern Ireland. He also spent six years with Crescent Capital/ Hambro Northern Ireland Venture Capital Fund as an investment manager and was a non-executive director of UP Holdings Limited and Toughglass Limited. He holds a BSc (Hons) in Business and Accountancy, is a fellow of the Institute of Chartered Accountants in Ireland and was a licensed Insolvency Practitioner.

Senior management

Denis Mellon, managing director of AssetCo Specialist Vehicle Design, Build and Conversion

Denis Mellon (aged 51) is currently a group director and was part of the BIMBO team that acquired the AssetCo Group in October 2005. During the past two years he has led both operations and service delivery across the AssetCo Group. Prior to joining the AssetCo Group in 2004, he was operations and customer services director to LOGiCOM, a specialist managed services outsourcing organisation with a turnover of £145 million and 370 employees. He has also held directorships within multinational organisations including Fujitsu/ICL, Thorn EMI and Digital Equipment Corporation. He is a fellow of the Association of Chartered Certified Accountants and holds an MBA.

David Michael Smith, head of group business development

David Smith (aged 53) is responsible for strategy, growth and business development of AssetCo, having joined the business following the BIMBO. He was previously managing director of RAC (Lex) Group and RBS (Lombard) JV Lex Transfleet Limited, a business with a turnover of £250 million and over 2,000 employees. He held various other senior leadership roles in logistics, importerships and dealerships during his 15 years at RAC (Lex) Group. During his ten years as managing director at Transfleet, He transformed the business from a commodity based vehicle leasing and rental business to a LTCM solutions based business, and secured major contracts with the UK Ministry of Defence, British Airways and many local authority contracts in total amounting to £600 million of contract revenues. He is an advisory board director of Sciowa Consulting and a non-executive director of Wicked Varlet Limited, the pub and hotel group. He holds a BSc in Engineering and a masters degree in International Business and Economics.

Michael David Lavender, proposed group counsel and company secretary

Michael Lavender (aged 42) has full rights of audience in the English courts. He is a finance and projects lawyer having worked for several UK banks. Michael acted as sole legal counsel for the AssetCo Group in relation to the LFR contract. He has advised on AssetCo's public sector outsourcing agreements and several other major healthcare PFI contracts relating to buildings, equipment and the provision of software prior to the BIMBO of the AssetCo Group. As deputy leader of a London Borough Council with responsibility for finance, resources and risk, he has expertise in the public sector requirements and constraints relating to, for example procurement, finance, pensions, best value, vires and the statutory functions of AssetCo's clients. He holds a LLB (Hons) and was called to the bar of England and Wales in 1986.

12. PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION

The Company has conditionally agreed to purchase the entire issued share capital of AssetCo from the Vendors for an aggregate consideration of £80.2 million. Of this amount, £70.2 million will be satisified by the issue of the Consideration Shares at 145 pence per share to AssetCo's ordinary shareholders and convertible preference shareholders and the remaining £10.0 million will be paid in cash to Brook Henderson in respect of its holding of AssetCo preference shares.

The Acquisition Agreements are conditional, *inter alia*, on the passing of the Resolutions at the EGM and completion of the Placing and on Admission. Further details of the Acquisition Agreements are set out in paragraph 14.1.1 of Part VI of this document.

13. THE TAKEOVER CODE

The terms of the Acquisition give rise to certain considerations under the Takeover Code.

The Takeover Code is issued and administered by the Panel. The Company is subject to the Takeover Code and therefore its shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer in cash to all other shareholders of that company to acquire the balance of the shares not held by such a person (or group of persons acting in concert).

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

An offer under Rule 9 must be in cash and at the highest price paid during the twelve months prior to the announcement of the offer for any interests in shares in the company acquired by any person required to make the offer or any person acting in concert with them.

The parties shown in the table below are deemed to be acting in concert for the purposes of the Takeover Code (the "Concert Party") as a result of their positions as directors of AssetCo and their collective participation in the BIMBO.

	Consideration Shares	*Percentage holding of Enlarged Share Capital*
John Shannon	26,963,327	40.1
Frank Flynn	7,137,351	10.6
Denis Mellon	2,775,637	4.2
David Smith	2,775,637	4.2
Pelham Olive	2,428,682	3.6
Peter Lewin	346,955	0.5
	42,427,589	63.2

The table above shows the interest of the Concert Party assuming that the Acquisition and the Placing is completed and assuming that all the Placing Shares are issued, that no further Ordinary Shares are issued by the Company prior to the issue of the Ordinary Shares.

After completion of the Acquisition and the Placing, the Concert Party's interest in shares carrying voting rights in the Company will represent, in aggregate, 63.2 per cent. of the voting rights attaching to the Enlarged Share Capital.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise on the members of the Concert Party as a result of the Acquisition, subject to the approval of Shareholders. Accordingly, Resolution 2 is being proposed at the EGM, and will be taken on a poll by Shareholders (excluding the Concert Party).

Shareholders should be aware that, following the Acquisition, the members of the Concert Party will together hold more than 50 per cent. of the voting rights attaching to the Company's issued share capital. Accordingly, the Concert Party, for so long as the members of the Concert Party continue to be treated as acting in concert, may be able to increase its aggregate interests in shares without incurring any further obligation under Rule 9 to make a general offer. However, individual members of the Concert Party will not be able to increase their interests in shares through a Rule 9 threshold without Panel consent.

There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

Save for the Takeover Code and the Controlling Shareholders Agreement, there are no measures in place to ensure that any control by the Concert Party or any other shareholder having control over the Company as a result of its shareholding is not abused.

The Concert Party comprises the parties shown in the table above. The biographies of John Shannon, Frank Flynn, Denis Mellon and David Smith are set out in paragraph 11 of this Part I of this document. Details relating to the other members of the Concert Party are set out below:

Pelham Olive

Pelham Olive (aged 51) is the founder and majority shareholder of Brook Henderson. Prior to establishing Brook Henderson, he held appointments with a number of leasing companies in the UK before joining Parry (now Lord) Mitchell on the inception of the Paramount Group in November 1992. In October 2005 he agreed the sale of the AssetCo Group to the BIMBO team led by John Shannon. Upon completion of the sale, he became a non-executive director of AssetCo. He has a BSc degree in Chemistry from the University of London.

Peter Lewin

Peter Lewin (aged 54) has been a director of Brook Henderson since December 1995. He holds a law degree from the University of London and qualified as a solicitor in 1979. His previous employment includes European Counsel for Apple Computer, Paris and legal adviser to the asset finance division of Baltic plc. He became a non-executive director of AssetCo in October 2005, upon completion of the BIMBO led by John Shannon.

The Concert Party and the Ongoing Directors intend to move the Enlarged Group's registered and head office from Totton, Southampton to Ruislip, London and to review the location of certain of its facilities. Apart from this, the Concert Party has no present intentions regarding the redeployment of fixed assets or relocation of the Enlarged Group's place of business. The Concert Party has confirmed that, following completion of the Acquisition, the employment, including the employment rights and pension rights, of all employees of the Enlarged Group will be fully safeguarded. The Concert Party has no present intention to vary the existing employment contracts for employees of Asfare save as set out in this document.

Further information required by the Takeover Code is set out in paragraph 8 of Part VI of this document.

14. PLACING AGREEMENT

The Company is proposing to raise in aggregate approximately £20.0 million (before expenses) through a conditional placing of 13,793,104 Placing Shares at the Placing Price with institutional investors pursuant to the Placing Agreement.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with Existing Ordinary Shares and will, once allotted, rank in full for all dividends and other distributions declared, made or paid on the share capital of the Company in respect of the period after such allotment. It is expected that dealings in the Existing Ordinary Shares and the New Ordinary Shares will commence on AIM on 30 March 2007 (or such later date as shall be determined by Hoare Govett and the Company, being not later than 13 April 2007).

Completion of the Placing will be subject to satisfaction of conditions contained in the Placing Agreement including Admission occurring and becoming effective by 8.00 a.m. on 30 March 2007 or such later time and/or date as may be determined in accordance with the Placing Agreement (not being later than 3.00 p.m. on 13 April 2007) and to the Placing Agreement not having been terminated. Further details of the Placing Agreement are set out in paragraph 14.1.2 of Part VI of this document.

15. LOCK-IN AND ORDERLY MARKETING ARRANGEMENTS

The Proposed Directors and the AssetCo Senior Managers have undertaken to the Company and Hoare Govett (subject to certain limited exceptions, including disposals by way of acceptance of a takeover offer or the granting of an irrevocable commitment to accept a takeover offer for the entire issued share capital of the Company) not to dispose of any of their Ordinary Shares (and to procure that no persons connected with them dispose of any Ordinary Shares) during the period from Admission up to publication of the Company's annual report and accounts for the year ending 31 March 2008. The Ongoing Directors and the AssetCo Senior Managers have also agreed with the Company and Hoare Govett that, for as long as Hoare Govett is the Company's nominated adviser (subject to certain conditions), they shall effect, insofar as they are able, any disposal of such shares through Hoare Govett.

Further details of the lock-ins and orderly market arrangements are set out in paragraph 14.1.2 of Part VI of this document.

16. CORPORATE GOVERNANCE

The Ongoing Directors intend, insofar as is practicable given the Company's size and the constitution of the Board, to comply with the main provisions of the Combined Code on Corporate Governance.

The Ongoing Directors have established an audit committee, a remuneration committee and a nomination committee, comprising the Non-executive Directors. The remuneration committee, chaired by Adrian Bradshaw, will determine the terms and conditions of service of (including the remuneration and grant of options to) executive Directors. The audit committee, chaired by Adrian Bradshaw, has primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls. The nomination committee, chaired by Tim Wightman, will be responsible for preparing the selection criteria for and the appointment of new directors of the Company.

The Ongoing Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees. In addition, the Company has adopted a share dealing code, which is substantially similar to the Model Code annexed to the Listing Rules of the UK Listing Authority.

The Company has also entered into the Controlling Shareholders' Agreement with John Shannon and Frank Flynn to govern their relationship with the Company as significant shareholders. Further details are set out in paragraph 14.1.4 of Part VI of this document.

17. ADMISSION, SETTLEMENT AND DEALINGS

Subject to the passing of the Resolutions at the EGM, trading in the Existing Ordinary Shares will be cancelled. Application will be 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 dealings, for normal settlement, will commence on 30 March 2007.

The Ordinary Shares are eligible for CREST settlement. Accordingly, settlement of transactions in Existing Ordinary Shares and the New Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for New Ordinary Shares in the Placing or receiving such shares pursuant to the Acquisition may, however, elect to receive New Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST.

It is expected that, subject to the satisfaction of the conditions of the Placing and the Acquisition (as relevant), the New Ordinary Shares will be registered in the names of the investors subscribing for them and issued 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 13 April 2007; or

b) in CREST, where the investor 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 New Ordinary Shares subscribed for expected to take place on 30 March 2007.

Notwithstanding the election by investors as to the form of delivery of New Ordinary Shares, no temporary documents of title will be issued. All documents or remittances sent by or to investors or as they may direct will be sent through the post at their risk.

Pending the despatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register.

18. TAXATION

Information about UK taxation with regard to holdings of Ordinary Shares is set out in paragraph 9 in Part VI of this document. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction other than the UK, you should consult your own independent professional adviser without delay.

19. EXTRAORDINARY GENERAL MEETING

You will find set out at the end of this document a notice convening the EGM to be held at 11.00 a.m. on Thursday 29 March 2007 at the offices of Nabarro, Lacon House, 84 Theobald's Road, London, WC1X 8RW, at which the Resolutions will be proposed for the purposes of approving the Proposals.

At this meeting, ordinary resolutions will be proposed to:

- approve the Acquisition;
- approve the waiver by the Panel of the Concert Party's obligation to make a general offer under Rule 9 of the Takeover Code. This resolution will be taken on a poll of independent Shareholders;
- increase the Company's authorised share capital from £5,000,000 to £23,750,000 by the creation of an additional 75,000,000 new Ordinary Shares; and
- authorise the Directors, pursuant to section 80 of the Act, to allot up to 86,468,760 new Ordinary Shares;

and special resolutions will be proposed to:

- disapply statutory pre-emption rights of Shareholders in accordance with section 95 of the Act in relation to the New Ordinary Shares to be issued in connection with the Placing, the issue of Ordinary Shares in connection with rights issues and other pre-emptive issues and otherwise in relation to the issue of up to 3,359,935 Ordinary Shares;
- change the name of the Company to AssetCo plc; and
- amend the Articles of Association of the Company to increase the borrowing powers of the Enlarged Group from two and a half times to four times adjusted share capital and reserves.

Save for the issue of Ordinary Shares (i) pursuant to the Placing; (ii) as consideration pursuant to the terms of the Acquisition; and (iii) to satisfy the exercise of options granted under the Share Option Plans, the Directors and the Proposed Directors have no present intention of exercising the authority to allot any unissued share capital.

20. ACTION TO BE TAKEN

A reply-paid Form of Proxy is enclosed for use by Shareholders at the EGM. Whether or not Shareholders intend to be present at the EGM they are asked to complete, sign and return the Form of Proxy enclosed with this document to the Company's registrars, Computershare Investor Services PLC, P.O. Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA as soon as possible so as to arrive no later than 11.00 a.m. on Tuesday 27 March 2007. The completion and return of the Form of Proxy will not preclude Shareholders from attending the EGM and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the EGM in person, they are asked to complete and return the Form of Proxy as soon as possible.

21. FURTHER INFORMATION

Your attention is drawn to the further information set out in the section headed "Risk factors" and in Parts II (Financial information relating to the AssetCo Group) to VI (Additional information) (inclusive) of this document.

22. RECOMMENDATION

The Board, which has been so advised by Hoare Govett, considers the terms of the Acquisition and the Placing, together with the Waiver, to be fair and reasonable and in the best interests of the Company and its Shareholders. In providing advice to the Board, Hoare Govett has taken into account the Directors' commercial assessment of the Proposals.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of each of the Resolutions to be proposed at the Extraordinary General Meeting, as the Directors have irrevocably undertaken to do in respect of beneficial holdings amounting, in aggregate, to 1,454,305 Ordinary Shares, representing approximately 29.3 per cent. of the issued share capital of the Company.

Yours faithfully

Tim Wightman
Non-executive Chairman

PART II

FINANCIAL INFORMATION RELATING TO THE ASSETCO GROUP

Prior to the BIMBO, the AssetCo Group did not exist in its current form but was part of a larger group. The BIMBO brought together a number of subsidiaries and contracts. In addition, AssetCo has withdrawn from all except one of the fleet management contracts acquired as part of the BIMBO. Financial information on those subsidiary companies that currently form part of the AssetCo Group for the three years ended 31 March 2006 is set out in Part II of this document.

The directors of AssetCo are responsible for preparing the following historical financial information for the purposes of complying with the requirements of Annex I item 20.1 in Appendix 3 of the Prospectus Rules, as applied by Schedule Two paragraph (a) of the AIM Rules, solely for the purpose of this AIM Admission Document.

This section contains the following financial information on AssetCo and its subsidiaries:

Section A	AssetCo Group Limited financial information for the six months ended 30 September 2006 and for the six months ended 31 March 2006
Section B	AssetCo Emergency Limited financial information for the three years ended 31 March 2006
Section C	AssetCo Engineering Limited financial information for the three years ended 31 March 2006
Section D	AssetCo Managed Services Limited financial statements for the period from 4 April to 31 March 2006
Section E	AssetCo SVO Limited financial information for the three years ended 31 March 2006
Section F	AssetCo Municipal Limited financial information for the three years ended 31 March 2006
Section G	AssetCo Vehicles Limited financial information for the three years ended 31 March 2006
Section H	AssetCo Papworth Limited financial information for the three periods ended 31 March 2006
Section I	AssetCo (Ireland) Limited financial information for the three periods ended 31 March 2006

Section A

Set out below is financial information for the six months ended 30 September 2006 and the six months ended 31 March 2006 extracted from the published audited accounts of AssetCo Group Limited without material adjustment:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	*Six months ended 30 September 2006 £'000*	*Six months ended 31 March 2006 £'000*
Turnover	1	52,941	62,119
Cost of sales		(46,582)	(52,038)
Gross profit		6,359	10,081
Administrative expenses		(3,837)	(8,497)
Operating profit	2	2,522	1,584
Interest receivable and similar income	4	80	88
Interest payable and similar charges	5	(1,372)	(1,787)
Profit/(loss) on ordinary activities before taxation		1,230	(115)
Tax on profit/(loss) on ordinary activities	6	113	302
Profit on ordinary activities after taxation		1,343	187

Note: included within administrative expenses is an amount of £1,037,000 (six months ended 31 March 2006: £1,033,000) which represents goodwill amortisation in the period. (See note 8).

There are no other recognised gains or losses in either period other then the profit in either period.

CONSOLIDATED BALANCE SHEET

	Notes	*30 September 2006 £'000*	*31 March 2006 £'000*
Fixed assets			
Intangible assets	8	33,290	34,327
Tangible fixed assets	9	45,509	53,320
		78,799	87,647
Current assets			
Stocks	11	3,010	8,629
Debtors	12	30,679	47,587
Cash at bank		875	2,223
		34,564	58,439
Creditors: amounts falling due within one year	13	(57,755)	(76,500)
Net current liabilities		(23,191)	(18,061)
Total assets less current liabilities		55,608	69,586
Creditors: amounts falling due after more than one year	14	(49,193)	(64,514)
Provisions for liabilities and charges	15	(1,814)	(1,814)
		4,601	3,258
Capital and reserves			
Called up share capital	17	100	100
Share premium account	18	2,971	2,971
Profit and loss account	18	1,530	187
Shareholders' funds		4,601	3,258

COMPANY BALANCE SHEET

	Notes	*30 September 2006 £'000*	*31 March 2006 £'000*
Fixed assets			
Tangible fixed assets	9	466	—
Investments	10	104,214	104,214
		104,680	104,214
Current assets			
Debtors	12	42,453	28,756
Creditors: amounts falling due within one year	13	(123,761)	(105,629)
Net current liabilities		(81,308)	(76,873)
Total assets less current liabilities		23,372	27,341
Creditors: amounts falling due after more than one year	14	(22,667)	(23,671)
		705	3,670
Capital and reserves			
Called-up share capital	17	100	100
Share premium account	18	2,971	2,971
Profit and loss account	18	(2,366)	599
Shareholders' funds		705	3,670

CONSOLIDATED CASH FLOW STATEMENT

	Notes	*Six months ended 30 September 2006 £'000*	*Six months ended 31 March 2006 £'000*
Net cash inflow/(outflow) from operating activities	22	13,858	(1,487)
Returns on investments and servicing of finance			
Interest received		80	88
Interest paid		(1,440)	(1,787)
Net cash outflow from returns on investments and servicing of finance		(1,360)	(1,699)
Taxation		—	—
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,457)	(8,369)
Proceeds from disposal of fixed assets		6,818	172
Net cash inflow/(outflow) from capital expenditure and financial investment		3,361	(8,197)
Acquisitions and disposals			
Purchase of subsidiary undertakings		—	(30,037)
Net cash inflow/(outflow) from acquisitions and disposals		—	(30,037)
Cash inflow/(outflow) before financing		15,859	(41,420)
Financing			
Issue of shares		—	3,071
(Repayment)/receipt of loans		(1,036)	46,006
Finance leases		(14,285)	(5,434)
Cash (outflow)/inflow from financing		(15,321)	43,643
Increase in cash		538	2,223

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements for 30 September 2006 are non-statutory and are statutory for 31 March 2006 have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The directors have reviewed the accounting policies adopted by the company and consider them to be the most appropriate.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and all group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over fifteen years from the period of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. Intra group sales, profit and balances are eliminated on consolidation.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of Article 238 of the Companies (Northern Ireland) Order 1986.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised.

Positive goodwill is amortised by equal annual instalments over its estimated useful life. The estimated useful life has been ascertained by allocating 50% to the London Fire and Emergency Planning Authority ('LFEPA') contract (amortised over 15 years) and 50% to the Lincolnshire Fire and Rescue Service ('LFRS') and the platform created to develop an emergency service business (amortised over 20 years).

Turnover

Turnover comprises lease rentals, fees, profits from the disposal of tangible fixed assets, the invoiced value of asset management services and the invoiced value of goods and services sold in relation to vehicle build and build management services. Turnover is recognised when earned and in accordance with obligations delivered.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at original historic cost less accumulated depreciation.

Land and buildings

Land is not depreciated. Leasehold buildings are depreciated on a straight-line basis over the term of the leases which vary between 5 and 20 years.

Assets under long-term arrangements

Assets held for leasing that have been financed under hire purchase or sale of receivables contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and the useful life of the assets. Depreciation on these assets is provided under the annuity method.

Fire equipment is depreciated on a straight-line basis over the useful operating life of the assets.

In all cases assets are depreciated down to their estimated residual value.

Own use assets

Depreciation is provided at rates calculated to write off the full cost of each asset on a straight-line bases over its expected useful life as follows:

Office furniture and equipment	–	5 years
IT equipment	–	2 – 3 years
Motor cars	–	3 years

All fixed assets are initially recorded at cost.

In addition to the above, depreciation on all other assets is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their useful economic lives as follows:

Leasehold buildings	– 2% straight line or over the term of the lease
Fixtures and fittings	– 20 – 33.33% straight line
Equipment, plant and machinery	– 25 – 50% straight line
Assets under long term arrangements	– 8.33 – 20% straight line

Investments

In the parent company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for impairment.

Maintenance contracts

Long term maintenance contracts are reviewed on an annual basis to assess the reasonableness of their reported profitability in respect of recognised turnover and related costs.

Leased assets

As part of its asset management activities, the group enters into leases with customers that are funded through related head leases or head hire purchase (HP) facilities with financial institutions. Under theterms of the head leases, the group will normally act as the lessor's agent for disposing of the residual assets at the end of the lease term and may participate in the proceeds of sale. The accounting treatment of these head leases and subleases depend on the substance of the arrangements.

Limited recourse arrangements

Where the group simultaneously enters into a head lease and sublease under terms that limit the funder's recourse to the group to certain specific cash flows from the sublease in such a way that all the benefits and all the risks associated with those cash flows are transferred to the funder, the arrangements are accounted for as a single transaction. Accordingly, only the group's cash investment in any residual value is recognised in the balance sheet.

Other arrangements

Where, however, the transaction is negotiated such that the group is exposed to the credit risk on the underlying lease with the customer, the head lease or head HP facilities and sublease are accounted for as separate transactions. Accordingly, where the head lease or similar is a HP contract, the capital element of future financing obligations is recorded as a liability, while the interest element is charged to the profit and loss account over the term of the HP agreement so as to produce a constant rate of charge on the capital outstanding.

The accounting treatment of the related sublease will depend on the nature of the sublease. Where the underlying lease is a finance lease, it will be recorded as a finance lease receivable and the interest from the finance lease will be recognised in income over the lease term on a basis that gives a constant rate of return on the outstanding investment.

Where the underlying lease with the customer is an operating lease, the related asset will be capitalised as a fixed asset and depreciated over the shorter of the lease term and its useful life, and rental income from operating leases will be recognised on a straight-line basis over the lease term.

Maintenance

Where the company bears the cost of maintenance and disposal, then the related income is recognised in the year in which these activities take place.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more, or a right to pay less, tax in the future have occurred by the balance sheet date.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Deferred tax assets are recognised when it is more likely than not they will be recovered.

Deferred tax is measured on a non-discounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Contributions to pension funds

The group operates a defined benefit pension scheme for particular employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a discount rate which reflects the yield of the iBoxx Corporate AA 1^{st} Index.

The rate of inflation has been obtained by reference to the difference between gilt and index linked gilt yields, and all RPI linked pension increases in payment have been assessed with reference to the inflation assumption.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme surplus is recognised in full on the balance sheet at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

Turnover is attributable to the principal activity of the company. Turnover arising outside the United Kingdom is not considered material.

2. OTHER OPERATING PROFIT

The operating profit of £2,522,000 (31 March 2006: £1,584,000) for the period is stated after charging/(crediting):

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Auditors' remuneration		
Group – audit fees	120	145
Other fees – taxation	30	30
Depreciation and amortisation		
Tangible fixed assets, owned	3,522	4,562
Tangible fixed assets leased	1,066	601
Amortisation of goodwill	1,037	1,033
Cost of purchase of stocks in the period	2,058	6,455
Profit on disposal of fixed assets	(138)	—
Hire of assets under operating leases – other	506	460
Increase in pension scheme surplus	(101)	(34)

3. DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Wages and salaries	5,092	4,631
Social security costs	524	472
Other pension costs	328	345
	5,944	5,448

The average number of persons, including executive directors, employed by the group during the period were as follows:

	Six months to 30 September 2006 No.	*Six months to 31 March 2006 No.*
Directors (excluding non executive directors)	4	4
Selling and distribution	8	8
Administration	77	79
Production and operations	292	299
	381	390

Remuneration in respect of directors was as follows:

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Emoluments	217	468
	217	468

No directors participated in the pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Emoluments	63	187

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Bank interest	80	88

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Bank loans and overdrafts	819	1,009
Interest on asset finance	553	778
Finance charges in respect of finance leases	68	1,494
Less: amounts included within cost of sales	(68)	(1,494)
	1,372	1,787

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
UK Corporation tax based on the results for the period at 30%		
– Adjustment to prior year	(113)	113
Total current tax	(113)	113
Deferred tax movement		
Increase in deferred tax provision (note 15)	—	327
Increase in deferred tax asset (note 12)	—	(742)
	(113)	(302)

Factors affecting the tax charge for the current period:

The current tax charge for both periods is different from the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	Six months to 30 September 2006 £'000	*Six months to 31 March 2006 £'000*
Profit/(loss) on ordinary activities before tax	1,230	(115)
Current tax at 30%	370	(34)
Effects of:		
Disallowable expenses	—	909
Trading losses carried forward	(370)	(762)
Adjustments to prior year	(113)	—
	(113)	113

7. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £1,693,000 (31 March 2006: £599,000). AssetCo Group is a trading entity in its own right and absorbs a large proportion of overheads for the other members of the group.

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000
Cost	
At 7 February 2005	—
Additions	35,360
At 31 March 2006 and 30 September 2006	35,360
Amortisation	
At 7 February 2005	—
Charged in period	1,033
At 31 March 2006	1,033
Charged in period	1,037
At 30 September 2006	2,070
Net book value	
At 30 September 2006	33,290
At 31 March 2006	34,327
At 7 February 2005	—

On 5 October 2005 the group acquired 100% of the issued share capital and trade and assets of AssetCo Managed Services Ltd, AssetCo Emergency Ltd, AssetCo Engineering Ltd, AssetCo Papworth Ltd, AssetCo Special Vehicles Operations Ltd, AssetCo (Ireland) Ltd, AssetCo Municipal Ltd and AssetCo Vehicles Limited for a consideration of £45,037,423.

The provisional fair values of the assets and liabilities acquired were as follows:

	Book value	*Other adjustments*	*Provisional fair value*
	£'000	*£'000*	*£'000*
Fixed assets			
Investments	31,639	—	31,639
Tangible	48,500	1,786	50,286
Current assets			
Stocks	7,455	125	7,580
Debtors	44,956	194	45,150
Total assets	132,550	2,105	134,655
Creditors due within one year			
Trade creditors	4,732	—	4,732
Other creditors	120,246	—	120,246
	124,978	—	124,978
Net Assets Acquired	7,572	2,105	9,677
Purchased goodwill capitalised			35,360
Fair value of consideration			45,037
Satisfied by:			
Cash consideration			30,037
Deferred consideration			15,000
			45,037

The deferred consideration represents £10 million of preference share capital expected to be redeemed in 2007 and is included within current liabilities and £5 million deferred consideration.

The acquisitions contributed substantially to Group profitability in the period to 31 March 2006.

The acquisitions made the following contribution to, and utilisation of, group cash flow.

	31 March 2006
	£'000
Net cash inflow from operating activities	271
Returns on investment and servicing of finance	(1,428)
Decrease in cash	(1,157)

Analysis of net outflow of cash in respect of the purchase

	2006
	£'000
Bank overdrafts acquired	—
Cash consideration for purchase	(30,037)
Net cash outflow	(30,037)

9. TANGIBLE FIXED ASSETS

Group

	Freehold buildings	*Fixtures and fittings*	*Equipment, plant and machinery*	*Assets under long term arrangements*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Cost					
At 7 February 2005	—	—	—	—	—
Acquisition	1,140	168	13,883	33,309	48,500
Additions	44	1,680	2,014	6,417	10,155
Disposals	—	—	(116)	(250)	(366)
At 31 March 2006	1,184	1,848	15,781	39,476	58,289
Additions	588	5	1,486	1,378	3,457
Disposals	—	—	(484)	(7,343)	(7,827)
At 30 September 2006	1,772	1,853	16,783	33,511	53,919
Depreciation					
At 7 February 2005	—	—	—	—	—
Disposals	—	(34)	(160)	—	(194)
Charge for the period	55	35	2,253	2,820	5,163
At 31 March 2006	55	1	2,093	2,820	4,969
Disposals	—	—	(484)	(663)	(1,147)
Charge for the period	36	16	1,900	2,636	4,588
At 30 September 2006	91	17	3,509	4,793	8,410
Net book value					
At 30 September 2006	1,681	1,836	13,274	28,718	45,509
At 31 March 2006	1,129	1,847	13,688	36,656	53,320
At 7 February 2005	—	—	—	—	—

Company

	Fixtures, Fittings and Equipment £'000
Cost	
At 7 February 2005 and at 31 March 2006	—
Transfers in from group companies at 1 April 2006	1,628
Additions	204
At 30 September 2006	1,832
Depreciation	
At 7 February 2005 and at 31 March 2006	—
Transferred from group companies at 1 April 2006	1,126
Charge for the period	240
At 30 September 2006	1,366
Net book value	
At 30 September 2006	466
At 31 March 2006	—
At 7 February 2005	—

Group

The Group has committed to the provision of 109 fire appliances used in the PFI (Private Finance Initiative) contract with LFEPA post period end.

Included in the net book value shown above is an amount of £4,058,297 (31 March 2006: £1,010,834) which relates to the assets financed under hire purchase agreements on which deprecation for the period was £1,066,000 (31 March 2006: £601,488).

Assets under long term arrangements primarily represent equipment used in the PFI contract with London Fire and Emergency Planning Authority (LFEPA).

10. INVESTMENTS

	Group 30 September 2006 £'000	*Company 30 September 2006 £'000*	*Group 31 March 2006 £'000*	*Company 31 March 2006 £'000*
Shares in group undertakings	—	104,214	—	104,214

Company

	Shares in group undertakings £'000
At 7 February 2005	—
Additions	104,214
At 31 March 2006 and 30 September 2006	104,214

The carrying value of investments is reviewed annually by the directors for potential impairment. The carrying value of the investments is, in the opinion of the directors, fairly stated at 30 September 2006 and 31 March 2006.

The principal activity of AssetCo is that of a holding company. AssetCo is the parent company or ultimate parent company of the following subsidiaries all of which are wholly-owned save for Adatt Limited which is 50 per cent. owned by AssetCo Papworth Limited and 50 per cent. owned by Anglian Developments Limited:

Name and company number	*Country of incorporation*	*Principal activity and status*
Adatt Limited (4244945)	England	Joint venture company
AssetCo Contracts Limited (NI012792)	Northern Ireland	Dormant
AssetCo Emergency Limited (4067673)	England	SPV for performance of LFEPA contract
AssetCo Emergency (2) Limited (NI056443)	Northern Ireland	SPV for performance of LFR contract
AssetCo (Ireland) Limited (NI46813)	Northern Ireland	Provision of fleet management services to Northern Irish Electricity
AssetCo SVO Limited (2888756)	England	Vehicle conversion of Vauxhall vehicles for police forces
AssetCo Managed Services Limited (NI 154518)	Northern Ireland	Principal operating company of the Group
AssetCo Managed Services (ROI) Limited (413026)	Ireland	The provision of a central back office facility which houses finance, IT, HR and payroll and the fleet management of the AssetCo Group's utility business
AssetCo Papworth Limited (30448528)	England	Vehicle conversion and body building services
AssetCo Vehicles Limited (3063730)	England	Provision of fleet management services, procurement and build services, accident management services to public sector utilities and public sectors bodies (now being wound down)
AssetCo Engineering Limited (4067607)	England	Sub-contractor for performance of LFEPA contract
AssetCo Municipal Limited (2232747)	England	Spot hire and contract hire provider of refuse and street-sweeping vehicles to local authorities (now being wound down)
AssetCo Solutions Limited (NI 32562)	Northern Ireland	Vehicle for structural subordination of finance facilties to AssetCo Emergency (2) Limited
AssetCo Management Limited (NI 33321)	Northern Ireland	Dormant
AssetCo Service Care Limited (NI 398881)	Northern Ireland	Dormant
Fire Safety Equipment Limited (1047919)	England	Provision of fire equipment
Irish Truck Rentals Limited (NI 36074)	Northern Ireland	Dormant
Star Rentals Limited (NI 31160)	Northern Ireland	Dormant

11. STOCKS

	Group 30 September 2006 £'000	*Company 30 September 2006 £'000*	*Group 31 March 2006 £'000*	*Company 31 March 2006 £'000*
Raw materials and consumables	2,331	—	997	—
Finished goods and goods for resale	679	—	7,632	—
	3,010	—	8,629	—

12. DEBTORS

	Group 30 September 2006 £'000	*Company 30 September 2006 £'000*	*Group 31 March 2006 £'000*	*Company 31 March 2006 £'000*
Trade debtors	9,074	914	18,385	—
Amounts owed by group undertakings	—	39,659	—	27,221
Other debtors	10,981	170	21,572	1,535
Prepayments and accrued income	9,329	1,710	6,436	—
Pension scheme surplus	329	—	228	—
Deferred tax asset	966	—	966	—
	30,679	42,453	47,587	28,756

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 30 September 2006 £'000	*Company 30 September 2006 £'000*	*Group 31 March 2006 £'000*	*Company 31 March 2006 £'000*
Bank loans and overdrafts	—	2,055	1,886	1
Trade creditors	10,889	226	19,252	74
Amounts owed to group undertakings	—	102,719	—	86,685
Corporation tax	—	—	113	—
Other taxes and social security	532	—	1,959	—
Other creditors	14,017	3,761	11,913	3,869
Deferred consideration	5,000	5,000	5,000	5,000
Finance lease creditor	4,468	—	4,468	—
Accruals and deferred income	12,849	—	21,909	—
Shares classified as financial liabilities	10,000	10,000	10,000	10,000
	57,755	123,761	76,500	105,629

The group's bank loans and overdrafts are secured by a debenture over all of the assets of the group.

Shares classified as financial liabilities represent preference share capital which is expected to be redeemed within one year.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 30 September 2006 £'000	*Company 30 September 2006 £'000*	*Group 31 March 2006 £'000*	*Company 31 March 2006 £'000*
Asset finance	20,417	—	20,448	—
Acquisition loan	22,667	22,667	23,672	23,671
Finance lease creditor	6,109	—	20,394	—
	49,193	22,667	64,514	23,671

Analysis of debt

	Group 30 September 2006 £'000	*Company 30 September 2006 £'000*	*Group 31 March 2006 £'000*	*Company 31 March 2006 £'000*
Debt can be analysed as falling due:				
In one year or less, or on demand	4,468	2,055	6,354	1
Between one and two years	16,238	4,984	30,523	4,984
Between two and five years	16,187	7,476	16,187	7,476
More than five years	16,768	10,207	17,804	11,211
	53,661	24,722	70,868	23,672

The asset finance is secured primarily by a first and only debenture from the company and a fellow subsidiary undertaking and by a first and only chattel mortgage over the assets of one of the Group companies. Interest is charged at 1.75% margin over matched LIBOR/SWAP cost.

Interest is charged on the acquisition loan at 2% over LIBOR. The acquisition loan is repayable in 40 equal quarterly instalments. Repayment commenced on 31 December 2005.

15. PROVISION FOR LIABILITIES AND CHARGES

	Deferred tax £'000
Group	
At 7 February 2005	—
Acquisition	1,487
Charge for the period	327
At 31 March 2006	1,814
Charge for the period	—
At 30 September 2006	1,814

The movement of the deferred tax asset is set out below:

	Group deferred tax asset £'000
At 7 February 2005	—
On acquisition	224
Movement in period	742
At 31 March 2006	966
Movement in period	—
At 30 September 2006	966
Net deferred tax position	(848)

The elements of deferred taxation are as follows:

	30 September 2006 £'000	31 March 2006 £'000
Differences between accumulated depreciation and amortisation of capital allowances	(1,590)	(1,590)
Tax losses	742	742
Deferred tax asset	(848)	(848)

16. RELATED PARTY TRANSACTIONS

At 30 September 2006 there was an amount of £1,345,000 (31 March 2006: £287,500) owing to the directors of the group included within accruals. Included within creditors is an amount of £42,389 (31 March 2006: £nil) owing to Graphic Traffic Limited, a related party. The group purchased £159,324 (31 March 2006: £nil) from this related party in the period.

17. SHARE CAPITAL

	No.	Share capital £	Share premium £	Total £
A ordinary shares				
2 shares at par	2	2	—	2
64,998 issued at £30.71 per share	64,998	64,998	1,931,091	1,996,089
Ordinary shares				
35,000 issued at £30.71 per share	35,000	35,000	1,039,850	1,074,850
Equity	100,000	100,000	2,970,941	3,070,941
Preference shares				
100 issued at £100,000 per share	100	100	9,999,900	10,000,000
Classified as non current liabilities	100	100	9,999,900	10,000,000

All of the above shares were issued on incorporation on the entity AssetCo Group Limited.

18. RESERVES

Group

	Share premium account £'000	*Profit and loss account £'000*
At 7 February 2005	—	—
Profit for the financial period	—	187
Shares issued in period	2,971	—
At 31 March 2006	2,971	187
Profit for the financial period	—	1,343
At 30 September 2006	2,971	1,530

Company

	Share premium account £'000	*Profit and loss account £'000*
At 7 February 2005	—	—
Profit for the financial period	—	599
Shares issued in period	2,971	—
At 31 March 2006	2,971	599
Loss for the financial period	—	(1,693)
Transferred group entity	—	(1,272)
At 30 September 2006	2,971	(2,366)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	30 September 2006 £'000	*31 March 2006 £'000*
Profit for the financial period	1,343	187
Shares issued	—	3,071
Net addition to shareholders' funds	1,343	3,258
Opening shareholders' funds	3,258	—
Closing shareholders' funds	4,601	3,258

20. COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

Group

	Building adaptions 30 September 2006 £'000	*Other 30 September 2006 £'000*	*Building adaptions 31 March 2006 £'000*	*Other 31 March 2006 £'000*
Operating leases which expire:				
Within 1 year	251	115	170	115
Within 2 to 5 years	467	81	145	81
	718	196	316	196

21. PENSIONS

Defined benefit schemes

The principal employer is Brook Henderson, (the previous parent company) and it is intended that principal employer status is transferred to AssetCo Group Limited.

The Brook Henderson Pension Scheme commenced on 11 October 2003 and is a defined benefit pension scheme based in the United Kingdom. The assets of the scheme are administered by trustees in a fund independent from those of the Company.

The scheme is part of a multi-employer scheme, with separate assets for each employer's section. The last full actuarial valuation of the full scheme was carried out as at 30 September 2006.

The main assumptions used by the actuary for the valuation were as follows:

	30 September 2006 %	*31 March 2006 %*
Rate of increase salaries	3	3
Rate of increase for pensions in payment	3	3
Discount rate	5.1	4.9
Expected rate of return on plan assets	6	6
Inflation	3	3

The assets in the scheme were:

	30 September 2006 £'000	*31 March 2006 £'000*
Equities	2,510	2,371
Government bonds	1,255	1,176
Other bonds	1,255	1,176
Cash	78	17
Total market value of assets	5,098	4,740
Actuarial value of liabilities	(4,769)	(4,512)
Net pension surplus	329	228

The amounts recognised in the profit and loss account are as follows:

	30 September 2006 £'000	*31 March 2006 £'000*
Current service cost	299	390
Interest cost	115	100
Net Actuarial loss recognised	54	(40)
Expected return on plan assets	(136)	(105)
Total included within staff costs in administration expenses	332	345

The movement in the net asset for defined benefit obligations recognised in the balance sheet is:

	30 September 2006 £'000	*31 March 2006 £'000*
Net asset acquired on acquisition	194	194
Movement in prior period	34	—
Credit to the profit and loss in the period	101	34
	329	228

There were no past service costs incurred in either period.

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	30 September 2006 £'000	*31 March 2006 £'000*
Operating profit	2,522	1,584
Depreciation and amortisation	5,625	6,196
Interest on finance leases in cost of sales	68	—
Profit on sale of tangible fixed assets	(138)	—
Movement in pension scheme surplus	(101)	—
Decrease/(increase) in stocks	5,619	(1,049)
Decrease/(increase) in debtors	17,009	(1,243)
Decrease in creditors	(16,746)	(6,975)
Net cash inflow/(outflow) from continuing operating activities	13,858	(1,487)

Reconciliation of net cash flow to movement in net debt

	30 September 2006 £'000	*31 March 2006 £'000*
Increase in cash in the period	538	2,223
Repayment/(issue) of debt	15,321	(70,868)
Shares classed as financial liabilities	—	(10,000)
Movement in net debt in the period	15,859	(78,645)
Net debt at 1 April 2006	(78,645)	—
Net debt at 31 March 2006	(62,786)	(78,645)

Analysis of changes in net debt

	At 7 February 2005	*On acquisition*	*Cash flows*	*Non-cash movements*	*At 31 March 2006*	*Cash flows*	*Non cash movements*	*At 30 September 2006*
	£	£	£	£	£	£	£	£
Cash in hand and at bank	—	—	2,223	—	2,223	(1,348)	—	875
	—	—	2,223	—	2,223	(1,348)	—	875
Bank loans	—	—	(1,886)	—	(1,886)	1,886	—	—
Finance leases	—	(32,182)	7,320	—	(24,862)	14,285	—	(10,577)
Other loans	—	(49,635)	5,515	—	(44,120)	1,036	—	(43,084)
Shares classed as financial liabilities	—	—	—	(10,000)	(10,000)	—	—	(10,000)
Net debt	—	(81,817)	13,172	(10,000)	(78,645)	15,859	—	(62,786)

23. CONTINGENT LIABILITIES

There is a contingent liability in respect of bank borrowings of group companies which have been secured by inter company cross guarantees.

24. POST BALANCE SHEET EVENTS

After the period ended 31 March 2006, the Group sold its leasebook division which realised a net profit of £160,000. During the period this division generated turnover of £9,390,174 and incurred direct costs of £9,310,276. This division had gross assets of £21,972,519 and gross liabilities of £20,668,673 at 31 March 2006.

On 21 December 2006, David Smith acquired 7,000 shares in the group at a cost of £215,000.

In December 2006, the group secured £5,000,000 funding from J O Hambro which has enabled it to complete the acquisition of Fire Safety Equipment Limited as detailed below. The investment was by way of zero coupon convertible preference shares.

After the period ended 30 September 2006, the Group continued the strengthening of its strategic position within the emergency market with the acquisition of Fire Safety Equipment Limited at a cost of £1,750,000.

Set out below is the full text of the independent auditors' report of AssetCo Group Limited for the six months ended 30 September 2006:

"REPORT OF THE INDEPENDENT AUDITOR TO THE DIRECTORS OF ASSETCO GROUP LIMITED

We have audited the non statutory financial statements of AssetCo Group Limited for six months ended 30 September 2006 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and notes 1 to 24. These non statutory financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's directors. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the non statutory financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986 in so far as is applicable to these non statutory financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the non statutory financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the non statutory financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the non statutory financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the non statutory financial statements".

Opinion

In our opinion:

- the non statutory financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the company's affairs as at 30 September 2006 and of the group's loss for the period then ended;
- the non statutory financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 in so far as is applicable to these non statutory financial statements;

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY"

Set out below is the full text of the independent auditors' report of AssetCo Group Limited for the period ended 31 March 2006:

"REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ASSETCO GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of AssetCo Group Limited for the period ended 31 March 2006 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, and notes 1 to 24 of the financial statements. These financial statements have been prepared under the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company and group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and group is not disclosed.

We read other information contained in the Report of the Directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the group and parent company as at 31 March 2006 and of the group's profit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.
- the information given in the Report of the Directors is consistent with the financial statements for the period ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY"

Section B

Set out below is financial information for the three years ended 31 March 2006 extracted from the published audited accounts of AssetCo Emergency Limited without material adjustment:

PROFIT AND LOSS ACCOUNT

	Notes	*Year ended 31 March 2006 £*	*Year ended 31 March 2005 £*	*Year ended 31 March 2004 £*
Turnover	1	14,962,157	14,141,024	13,202,566
Cost of sales		(11,338,165)	(10,973,594)	(9,617,917)
Gross profit		3,623,992	3,167,430	3,584,649
Other operating charges	2	(917,776)	(1,435,891)	(1,795,560)
Operating profit	3	2,706,216	1,731,539	1,789,089
Interest receivable		28,861	32,609	29,070
Interest payable and similar charges	5	(1,397,711)	(1,251,588)	(994,684)
Profit on ordinary activities before taxation		1,337,366	512,560	823,475
Tax on profit on ordinary activities	6	(212,610)	(499,637)	30,075
Profit for the financial year		1,124,756	12,923	853,550

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the three years as set out above.

BALANCE SHEET

	Notes	*As at 31 March 2006* £	*As at 31 March 2005 restated* £	*As at 31 March 2005* £	*As at 31 March 2004* £
Fixed assets					
Tangible assets	7	26,814,913	24,430,847	22,837,526	19,555,321
Current assets					
Stocks	8	395,052	3,201,496	3,201,496	2,000,140
Debtors	9	19,403,449	13,768,142	13,768,142	8,347,041
Cash at bank		—	849,138	849,138	1,286,572
		19,798,501	17,818,776	17,818,776	11,633,753
Creditors: amounts falling due within one year	10	19,448,394	17,763,035	17,763,035	12,728,642
Net current assets/(liabilities)		350,107	55,741	55,741	(1,094,889)
Total assets less current liabilities		27,165,020	24,486,588	22,893,267	18,460,432
Creditors: amounts falling due after more than one year	11	20,448,714	19,300,480	19,300,480	15,380,205
		6,716,306	5,186,108	3,592,787	3,080,227
Provisions for liabilities					
Deferred taxation	13	1,203,172	990,562	990,562	490,925
		5,513,134	4,195,546	2,602,225	2,589,302
Capital and reserves					
Called-up equity share capital	15	2	2	2	2
Revaluation reserve		1,786,153	1,593,321	—	—
Profit and loss account		3,726,979	2,602,223	2,602,223	2,589,300
Shareholders' funds	17	5,513,134	4,195,546	2,602,225	2,589,302

In the March 2006 financial statements fixed assets were revalued for the year ended 31 March 2005 as reflected in the revaluation reserve. To aid comparison, the Balance Sheet as at 31 March 2005, before restatement, has also been presented above.

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention except for certain assets that have been included at replacement value.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	–	25% – 50%
Assets under long term arrangements	–	8.33% – 20%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Defined benefit pension scheme

The company participates in a defined benefit scheme but is unable to identify its share of the underlying assets and liabilities. The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting year.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2006	*2005*	*2004*
	£	*£*	*£*
United Kingdom	14,962,157	14,141,024	13,202,566

2. OTHER OPERATING CHARGES

	2006	*2005*	*2004*
	£	*£*	*£*
Administrative expenses	917,776	1,435,891	1,795,560

3. OPERATING PROFIT

Operating profit is stated after charging:

	2006	*2005*	*2004*
	£	*£*	*£*
Depreciation of owned fixed assets	3,336,114	3,183,301	2,722,958
Auditor's remuneration:			
Audit fees	—	12,000	—
Operating lease costs:			
Other	—	378,600	476,421

Audit fees were borne by the group's parent undertaking.

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006	*2005*	*2004*
	No.	*No.*	*No.*
Number of sales staff	1	1	1
Number of operations staff	7	5	9
	8	6	10

The aggregate payroll costs of the above were:

	2006	*2005*	*2004*
	£	*£*	*£*
Wages and salaries	513,837	549,881	836,066
Social security costs	49,041	61,264	79,979
Other pension costs	42,759	42,000	120,045
	605,637	653,145	1,036,090

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	*2005*	*2004*
	£	*£*	*£*
Interest payable on bank borrowing	1,306,920	1,164,253	809,314
Other similar charges payable	90,791	87,335	185,370
	1,397,711	1,251,588	994,684

6. TAXATION ON ORDINARY ACTIVITIES

	2006	*2005*	*2004*
	£	*£*	*£*
Deferred tax:			
Origination and reversal of timing differences	(212,610)	(499,637)	30,075

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005: 30%; 2004: 30%).

	2006	*2005*	*2004*
	£	*£*	*£*
Profit on ordinary activities before taxation	1,337,711	512,560	823,475
Profit/(loss) on ordinary activities by rate of tax	401,131	153,768	247,042
Capital allowances for period in excess of depreciation	(766,289)	(1,042,159)	151,141
Unrelieved tax losses	365,158	887,993	(399,066)
Rounding on tax charge permanent differences	—	398	883
Total current tax	—	—	—

7. TANGIBLE FIXED ASSETS

	Own use assets	*Assets under long term arrangements*	*Total*
	£	£	£
Cost			
At 1 April 2003	15,000	19,146,000	19,161,000
Additions	887	8,593,737	8,594,624
Disposals	—	(113,784)	(113,784)
At 31 March 2004	15,887	27,625,953	27,641,840
Additions	—	6,495,652	6,495,652
Disposals	—	(600,078)	(600,078)
At 31 March 2005	15,887	33,521,527	33,537,414
Depreciation			
At 1 April 2003	4,000	5,461,000	5,465,000
Charge	5,316	2,717,642	2,722,958
Disposals	—	(101,439)	(101,439)
At 1 April 2004	9,316	8,077,203	8,086,519
Charge	5,296	3,178,005	3,183,301
Disposals	—	(569,932)	(569,932)
At 31 March 2005	14,612	10,685,276	10,699,888
Net book value			
At 31 March 2004	6,571	19,548,750	19,555,321
At 31 March 2005	1,275	22,836,251	22,837,526

	Fixtures & Fittings	*Equipment*	*Assets under long term arrangements*	*Total*
	£	£	£	£
Cost				
At 1 April 2005 (restated)	—	1,609,208	33,521,527	35,130,735
Additions	47,792	—	6,086,232	6,134,024
Revaluation in year	—	192,832	—	192,832
Disposals	—	(15,887)	(1,524,982)	(1,540,869)
At 31 March 2006	47,792	1,786,153	38,082,777	39,916,722
Depreciation				
At 1 April 2005 (restated)	—	14,612	10,685,276	10,699,888
Charge for the year	—	79,666	3,336,114	3,415,780
On disposals	—	(14,612)	(999,247)	(1,013,859)
At 31 March 2006	—	79,666	13,022,143	13,101,809
Net book value				
At 31 March 2006	47,792	1,706,487	25,060,634	26,814,913
At 31 March 2005 (restated)	—	1,594,596	22,836,251	24,430,847

8. STOCKS

	2006	*2005*	*2004*
	£	£	£
Raw materials	395,052	3,201,496	2,000,140

9. DEBTORS

	2006	2005	2004
	£	£	£
Trade debtors	385,111	1,090,747	1,266,393
Amounts owed by group undertakings	15,360,607	9,031,483	3,613,339
Other debtors	2,000,000	2,000,000	2,000,000
Prepayments and accrued income	1,657,731	1,645,912	1,467,309
	19,403,449	13,768,142	8,347,041

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005	2004
	£	£	£
Bank loans and overdrafts	105,987	4,154,764	3,637,370
Trade creditors	434,900	537,542	698,836
Amounts owed to group undertakings	17,816,991	12,512,827	6,507,892
Other taxation	917,743	142,346	510,301
Other creditors	5,994	415,556	1,374,243
Accruals and deferred income	166,779	—	—
	19,448,394	17,763,035	12,728,642

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005	2004
	£	£	£
Bank loans and overdrafts	20,448,714	19,300,480	15,380,205

12. BANK LOANS AND OVERDRAFTS

Creditors include bank loans and overdrafts which are due for repayment as follows:

	2006	2005	2004
	£	£	£
Amounts repayable:			
In one year or less or on demand	—	4,154,764	3,637,370
In more than one year but not more than two years	7,054,806	3,949,272	3,259,155
In more than two years but not more than five years	8,711,152	10,009,849	7,693,418
In more than five years	4,682,756	5,341,359	4,427,632
	20,448,714	23,455,244	19,017,575

13. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2006	*2005*	*2004*
	£	*£*	*£*
Provision brought forward	990,562	490,925	521,000
Profit and loss account movement arising during the year	212,610	499,637	(30,075)
Provision carried forward	1,203,172	990,562	490,925

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	*2005*	*2004*
	£	*£*	*£*
Excess of taxation allowances over depreciation on fixed assets	1,318,172	990,562	490,925
Losses carried forward	(115,000)	—	—
Provision carried forward	1,203,172	990,562	490,925

14. RELATED PARTY TRANSACTIONS

The company was under the control of AssetCo Group Limited from 5 October 2005.

The company has availed of the exemption under paragraph 3c of FRS 8 from disclosing transactions with other companies within the group headed by AssetCo Group Limited.

15. SHARE CAPITAL

Authorised share capital:

	2006	*2005*	*2004*
	£	*£*	*£*
100 Ordinary shares of £1 each	100	100	100

Allotted, called up and fully paid:

	2006		*2005*		*2004*	
	No	*£*	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	2	2	2	2	2	2
Equity shares						
Ordinary shares of £1 each	2	2	2	2	2	2

16. PROFIT AND LOSS ACCOUNT

	2006	*2005*	*2004*
	£	*£*	*£*
Balance brought forward	2,602,223	2,589,300	1,735,750
Profit for the financial year	1,124,756	12,923	853,550
Balance carried forward	3,726,979	2,602,223	2,589,300

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	*2005*	*2004*
	£	*£*	*£*
Profit for the financial year	1,124,756	12,923	853,550
Opening shareholders' funds	4,195,546	2,589,302	1,735,752
Increase in revaluation reserve	192,832	1,593,321	—
Closing shareholders' funds	5,513,134	4,195,546	2,589,302

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of AssetCo Group Limited, a company incorporated in Northern Ireland, the only company to consolidate the accounts of AssetCo Emergency Limited. Copies of the financial statements of AssetCo Group Limited are available from the Registrar of Companies, Waterfront Plaza, 8 Laganbank Road, Belfast BT1 3BS

19. PENSION COSTS

The company is a contributory employer of the group's defined benefit scheme, the AssetCo Group Pension Scheme, the assets of which are held in separate trustee administered funds. AssetCo Group Limited is the principal employer.

The total pension charge to the company was £42,759 (2005: £42,000; 2004: £120,045) as disclosed in note 4, which included payments to the defined contribution pension scheme of £42,759 (2005: £42,000; 2004: £120,045). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

At the date of the latest actuarial valuation, 31 March 2006, the market value of the assets was £4,740,000 and the actuarial value of the assets was sufficient to cover 100% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The company is unable to identify its share of the underlying assets and liabilities, and therefore detailed disclosure in accordance with Financial Reporting Standard 17 'Retirement Benefits' is provided within the AssetCo Group Limited group financial statements. The net pension surplus, based on a valuation in accordance with FRS 17 at 31 March 2006, was £228,000 (2005: £160,000); FRS 17 was not applicable for the year ended 31 March 2004.

The contribution rates during the year were as follows:

Employees	–	3%
Company	–	23.6%

20. PRIOR YEAR ADJUSTMENT

During the year ended 31 March 2006 £1,786,153 of items relating to operational equipment acquired as part of the LFEPA contract were identified which had not being included in prior years financial statements at nil value.

The effect of introducing this adjustment is to create a revaluation reserve and increase the value of tangible fixed assets".

Set out below is the full text of the independent auditors' report of AssetCo Emergency Limited for the year ended 31 March 2006

"Independent auditors' report to the members of AssetCo Emergency Limited

We have audited the financial statements of AssetCo Emergency Limited for the year ended 31 March 2006 which comprise the accounting policies, profit and loss account, balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

The director's responsibilities for preparing the Report of the Director and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the information given in the Report of the Director is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Director is consistent with the financial statements for the year ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH"

Set out below is the full text of the independent auditors' report of AssetCo Emergency Limited for the year ended 31 March 2005

"**Independent auditors' report to the members of AssetCo Emergency Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2005 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
4 October 2005"

Set out below is the full text of the independent auditors' report of AssetCo Emergency Limited for the year ended 31 March 2004

"**Independent auditors' report to the members of AssetCo Emergency Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
January 2005"

Section C

Set out below is financial information for the three years ended 31 March 2006 extracted from the published audited accounts of AssetCo Engineering Limited without material adjustment:

PROFIT AND LOSS ACCOUNT

	Notes	*Year ended 31 March 2006* £	*Year ended 31 March 2005* £	*Year ended 31 March 2004* £
Turnover				
– Continuing operations	1	5,031,460	6,002,105	6,175,364
– Discontinued operations		610,589	—	—
		5,642,049	6,002,105	6,175,364
Cost of sales				
– Continuing operations		(4,481,075)	(4,677,302)	(3,585,462)
– Discontinued operations		(543,798)	—	—
		(5,024,873)	(4,677,302)	(3,585,462)
Gross profit		617,176	1,324,803	2,589,902
Other operating charges	2	(1,051,573)	(1,038,989)	(2,589,902)
(Loss)/profit on ordinary activities before taxation		(434,397)	285,814	—
Tax on (loss)/profit on ordinary activities	5	61,281	11,063	(9,902)
(Loss)/profit for the financial year	14	(373,116)	296,877	(9,902)

The company has no recognised gains or losses other than the results for the three years as set out above.

BALANCE SHEET

	Notes	*2006* £	*2005* £	*2004* £
Fixed assets				
Tangible assets	6	364,343	65,480	142,765
Current assets				
Stocks	7	293,945	730,726	878,689
Debtors	8	17,580,379	12,366,992	6,187,199
Cash at bank		—	381	—
		17,874,324	13,098,099	7,065,888
Creditors: amounts falling due within one year	10	16,310,524	10,862,320	5,204,271
Net current assets		1,563,800	2,235,779	1,861,617
Total assets less current liabilities		1,928,143	2,301,259	2,004,382
Capital and reserves				
Called-up equity share capital	12	3,000,002	3,000,002	3,000,002
Profit and loss account	13	(1,071,859)	(698,743)	(995,620)
Shareholders' funds	14	1,928,143	2,301,259	2,004,382

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	–	25%
Equipment	–	20%-33.33%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Defined benefit pension scheme

The company participates in a defined benefit scheme but is unable to identify its share of the underlying assets and liabilities. The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting year.

The company is a contributory employer of the group's defined benefit scheme, the AssetCo Group Pension Scheme, the assets of which are held in separate trustee administered funds. AssetCo Group Limited is the principal employer.

The total pension charge to the company was £513,537 (2005: £352,044; 2004: £406,128) as disclosed in note 4, which included payments to the defined contribution pension scheme of £513,357 (2005: £352,044; 2004: £406,128). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

At the date of the latest actuarial valuation, 31 March 2006, the market value of the assets was £4,740,000 and the actuarial value of the assets was sufficient to cover 100% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The company is unable to identify its share of the underlying assets and liabilities, and therefore detailed disclosure in accordance with Financial Reporting Standard 17 'Retirement Benefits' is provided within the AssetCo Group Limited group financial statements. The net pension surplus, based on a valuation in accordance with FRS 17 at 31 March 2006, was £228,000 (2005: £160,000) FRS 17 did not apply for the year ended 31 March 2004.

The contribution rates during all years were as follows:

Employees	– 3%
Company	– 23.6%

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2006 £	*2005* £	*2004* £
United Kingdom	5,642,049	6,002,105	6,175,364

2. OTHER OPERATING CHARGES

	2006 £	*2005* £	*2004* £
Administrative expenses	1,051,573	1,038,989	2,589,902

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2006 £	*2005* £	*2004* £
Depreciation of owned fixed assets	71,547	94,612	38,910
Operating lease costs:			
Other	460,035	486,100	—

Audit fees were borne by the group parent undertaking.

4. DIRECTORS AND EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006	*2005*	*2004*
Sales	—	—	1
Operations	102	62	72
Administration	20	2	2
	122	64	75

The aggregate payroll costs of the above were:

	2006 £	*2005* £	*2004* £
Wages and salaries	4,310,520	2,352,318	2,654,275
Social security costs	398,070	210,734	212,819
Other pension costs	513,537	352,044	406,128
	5,222,127	2,915,096	3,273,222

No emoluments were paid to directors in respect of services to the company.

5. TAXATION ON ORDINARY ACTIVITIES

	2006 £	*2005* £	*2004* £
Deferred tax:			
Deferred tax (credit)/charge for the year	(61,281)	(11,063)	9,902

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 – 30% 2004 – 30%).

	2006 £	*2005* £	*2004* £
(Loss)/profit on ordinary activities before taxation	(434,397)	285,814	—
(Loss)/profit on ordinary activities by rate of tax	(130,319)	85,744	—
Difference between capital allowances and depreciation	(11,719)	11,063	(9,332)
Unrelieved tax losses	142,038	—	—
Group relief	—	(96,807)	9,332
Total current tax	—	—	—

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	*Plant & Machinery* £	*Equipment* £	*Total* £
Cost				
At 1 April 2003	—	131,588	269,623	401,211
Additions	—	14,580	1,961	16,541
Disposals	—	(2,900)	—	(2,900)
At 1 April 2004	—	143,268	271,584	414,852
Additions	14,427	2,900	—	17,327
Disposals	—	(57)	—	(57)
At 1 April 2005	14,427	146,112	271,584	432,123
Additions	43,518	237,494	13,412	294,424
Disposals	—	(174,518)	—	(174,518)
Transfers	—	293,189	—	293,189
At 31 March 2006	57,945	502,277	284,996	845,218
Depreciation				
At 1 April 2003	—	73,848	161,729	235,577
Charge	—	32,152	6,758	38,910
Disposals	—	(2,400)	—	(2,400)
At 1 April 2004	—	103,600	168,487	272,087
Charge	240	19,231	75,141	94,612
Disposals	—	(57)	—	(57)
At 1 April 2005	240	122,775	243,628	366,643
Charge for the year	9,913	35,321	26,313	71,547
On disposals	—	(169,698)	—	(169,698)
Transfers	—	212,383	—	212,383
At 31 March 2006	10,153	200,781	269,941	480,875
Net book value				
At 31 March 2006	47,792	301,496	15,055	364,343
At 31 March 2005	14,187	23,337	27,956	65,480
At 31 March 2004	—	39,668	103,097	142,765

7. STOCKS

	2006	*2005*	*2004*
	£	*£*	*£*
Raw materials	293,945	730,726	878,689

8. DEBTORS

	2006	*2005*	*2004*
	£	*£*	*£*
Amounts owed by group undertakings	17,258,217	12,107,232	5,838,759
Other debtors	113,680	27,728	109,865
Prepayments and accrued income	116,040	200,871	218,477
Deferred taxation (note 9)	92,442	31,161	20,098
	17,580,379	12,366,992	6,187,199

9. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2006	*2005*	*2004*
	£	*£*	*£*
Included in debtors (note 8)	92,442	31,161	20,098

The movement in the deferred taxation account during the year was:

	2006	*2005*	*2004*
	£	*£*	*£*
Balance brought forward	31,161	20,098	30,000
Profit and loss account movement arising during the year	61,281	11,063	(9,902)
Balance carried forward	92,442	31,161	20,098

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2006	*2005*	*2004*
	£	*£*	*£*
Excess of taxation allowances over depreciation on fixed assets	19,442	31,161	20,098
Losses carried forward	73,000	—	—
Balance carried forward	92,442	31,161	20,098

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	*2005*	*2004*
	£	*£*	*£*
Bank loans and overdrafts	255,719	—	—
Trade creditors	230,174	298,503	330,558
Amounts owed to group undertakings	15,687,131	10,324,252	4,787,487
Other taxation	—	239,565	86,226
Accruals and deferred income	137,500	—	—
	16,310,524	10,862,320	5,204,271

11. RELATED PARTY TRANSACTIONS

The company was under the control of AssetCo Group Limited from 5 October 2005.

The company has availed of the exemption under paragraph 3c of FRS 8 'Related Party Disclosures' from disclosing transactions with other companies within the group headed by AssetCo Group Limited.

12. SHARE CAPITAL

Authorised share capital:

	2006	*2005*	*2004*
	£	*£*	*£*
3,000,002 Ordinary shares of £1 each	3,000,002	3,000,002	3,000,002

Allotted, called up and fully paid:

		2006		*2005*		*2004*
	No	*£*	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	3,000,002	3,000,002	3,000,002	3,000,002	3,000,002	3,000,002
Equity shares						
Ordinary shares of £1 each	3,000,002	3,000,002	3,000,002	3,000,002	3,000,002	3,000,002

13. PROFIT AND LOSS ACCOUNT

	2006	*2005*	*2004*
	£	*£*	*£*
Balance brought forward	(698,743)	(995,620)	(985,718)
(Loss)/profit for the financial year	(373,116)	296,877	(9,902)
Balance carried forward	(1,071,859)	(698,743)	(995,620)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	*2005*	*2004*
	£	*£*	*£*
(Loss)/profit for the financial year	(373,116)	296,877	(9,902)
Opening shareholders' funds	2,301,259	2,004,382	2,014,284
Closing shareholders' funds	1,928,143	2,301,259	2,004,382

15. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of AssetCo Group Limited, a company incorporated in Northern Ireland, the only company to consolidate the accounts of AssetCo Engineering Limited. Copies of the financial statements of AssetCo Group Limited are available from the Registrar of Companies, Waterfront Plaza, 8 Laganbank Road, Belfast BT1 3BS".

Set out below is the full text of the independent auditors' report of AssetCo Engineering Limited for the year ended 31 March 2006:

"**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ASSETCO ENGINEERING LIMITED**

We have audited the financial statements of AssetCo Engineering Limited for the year ended 31 March 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditor

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the information given in the Report of the Directors is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH"

Set out below is the full text of the independent auditors' report of AssetCo Engineering Limited financial statements for the year ended 31 March 2005:

"**Independent auditors' report to the members of AssetCo Engineering Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2005 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
4 October 2005"

Set out below is the full text of the independent auditors' report of AssetCo Engineering Limited financial statements for the year ended 31 March 2004:

"**Independent auditors' report to the members of AssetCo Engineering Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 January 2005"

Section D

Set out below is the financial information for the period ended 31 March 2006 extracted from the published audited accounts of AssetCo Managed Services Limited without material adjustment:

PROFIT AND LOSS ACCOUNT

	Notes	*Period from 4 April 2005 to 31 March 2006* £
Turnover – Continued	1	30,742,999
– Discontinued		9,390,174
		40,133,173
Cost of sales – Continued		(25,493,146)
– Discontinued		(9,310,276)
		(34,803,422)
Gross profit		5,329,751
Other operating charges	2	(3,369,689)
Operating profit	3	1,960,062
Interest receivable		54,807
Interest payable and similar charges	5	(44)
Profit on ordinary activities before taxation		2,014,825
Tax on profit on ordinary activities	6	(112,900)
Profit for the financial period	18	1,901,925

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

BALANCE SHEET

	Notes	*As at 31 March 2006* *£*
Fixed assets		
Intangible assets	7	1,964,062
Tangible assets	8	12,748,964
		14,713,026
Current assets		
Stocks	9	7,600,458
Debtors	10	41,711,859
		49,312,317
Creditors: amounts falling due within one year	12	(60,933,537)
Net current liabilities		(11,621,220)
Total assets less current liabilities		3,091,806
Creditors: amounts falling due after more than one year	13	(1,189,879)
		1,901,927
Capital and reserves		
Called-up equity share capital	17	2
Profit and loss account		1,901,925
Shareholders' funds	19	1,901,927

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	– 5 years
Fixtures & Fittings	– 2 – 5 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Period from 4 April 2005 to 31 March 2006 £
United Kingdom	40,133,173

2. OTHER OPERATING CHARGES

	Period from 4 April 2005 to 31 March 2006 £
Administrative expenses	3,369,689

3. OPERATING PROFIT

Operating profit is stated after charging:

	Period from 4 April 2005 to 31 March 2006 £
Directors' emoluments	—
Profit on disposal	2,139

Audit fees were borne by the group's parent undertaking.

All directors are paid through the Group company.

4. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	Period from 4 April 2005 to 31 March 2006 £
Wages and salaries	772,254
Social security costs	77,942
Other pension costs	40,955
	891,151

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 4 April 2005 to 31 March 2006 £
Interest payable on bank borrowing	44

6. TAXATION

(a) Analysis of charge in the year

	2006 £
Current tax:	
Corporation tax	112,900
Total current tax	112,900

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30%.

	2006 £
Profit on ordinary activities before taxation	2,014,825
Profit on ordinary activities by rate of tax	604,448
Depreciation for the period in excess of capital allowances	202,278
Group relief	(693,982)
Other	156
Total current tax	112,900

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 4 April 2005	—
Additions	1,964,062
At 31 March 2006	1,964,062
Amortisation	
At 1 October 2005 and 31 March 2006	—
Net book value	
At 31 March 2006	1,964,062

8. TANGIBLE FIXED ASSETS

	Plant & Equipment £	*IT and Office Equipment* £	*Total* £
Cost			
At 1 October 2005	—	—	—
Additions on acquisition	30,789,593	1,942,934	32,732,527
Disposals	(115,654)	(249,755)	(365,409)
At 31 March 2006	30,673,939	1,693,179	32,367,118
Depreciation			
At 1 October 2005	—	—	—
On acquisition	16,168,942	1,228,761	17,397,703
Charge for the period	2,202,368	211,867	2,414,235
On disposals	(34,065)	(159,719)	(193,784)
At 31 March 2006	18,337,245	1,280,909	19,618,154
Net book value			
At 31 March 2006	12,336,694	412,270	12,748,964

Included within the net book value of £12,748,964 is £12,277,018 relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £2,050,799.

9. STOCKS

	As at 31 March 2006 £
Finished goods	7,600,458

10. DEBTORS

	As at 31 March 2006 £
Trade debtors	13,215,356
Amounts owed by group undertakings	9,275,147
Other debtors	15,900,364
Prepayments and accrued income	3,118,714
Deferred taxation (note 11)	202,278
	41,711,859

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Period from 4 April 2005 to 31 March 2006 £
Included in debtors (note 10)	202,278

The movement in the deferred taxation account during the period was:

	Period from 4 April 2005 to 31 March 2006
	£
Balance carried forward	202,278

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	31 March 2006
	£
Excess of taxation allowances over depreciation on fixed assets	202,278

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2006
	£
Bank loans and overdrafts	435,252
Trade creditors	14,958,019
Amounts owed to group undertakings	6,208,013
Corporation tax	112,900
Other taxation	629,133
Amounts due under finance leases and hire purchase agreements	14,414,196
Other creditors	6,060,422
Accruals and deferred income	18,115,602
	60,933,537

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2006
	£
Amounts due under finance leases and hire purchase agreements	1,189,879

14. COMMITMENTS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

Future commitments under finance leases and hire purchase agreements are as follows:

	31 March 2006
	£
Finance leases and hire purchase agreements are analysed as follows:	
Current obligations	14,414,196
Non-current obligations	1,189,879
	15,604,075

15. RELATED PARTY TRANSACTIONS

Being a 100% owned subsidiary, the company has taken advantage of the exemption as conformed by Financial Reporting Standard No 8 ‘Related Party Disclosures’, not to disclose transactions with other members of the Group headed by AssetCo Group Limited.

16. ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent company undertaking and ultimate controlling related party is AssetCo Group Limited, incorporated in Northern Ireland, by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by AssetCo Group Limited. Copies of the financial statements of AssetCo Group Limited can be obtained from the registered office.

17. SHARE CAPITAL

Authorised share capital:

	31 March 2006
	£
Ordinary shares of £1 each	2

Allotted, called up and fully paid:

	No	*£*
Ordinary shares of £1 each	2	2
Equity shares		
Ordinary shares of £1 each	2	2

Authorised share capital:

18. PROFIT AND LOSS ACCOUNT

	Period from 4 April 2005 to 31 March 2006
	£
Balance brought forward	—
Profit for the financial period	1,901,925
Balance carried forward	1,901,925

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 2006
	£
Profit for the financial period	1,901,925
Issue of new shares	2
Closing shareholders' funds	1,901,927

20. POST BALANCE SHEET EVENTS

After the period end, the Company sold its leasebook division which realised a net profit of £160,000. During the period this division generated turnover of £9,390,174 and incurred direct costs of £9,310,276. This division had gross assets of £21,972,519 and gross liabilities of £20,668,673 at 31 March 2006.

Set out below is the full text of the independent auditors' report of AssetCo Managed Services Limited for the period ended 31 March 2006:

"**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ASSETCO MANAGED SERVICES LIMITED**

We have audited the financial statements of AssetCo Managed Services Limited for the period from 4 April 2005 to 31 March 2006 which comprise of the principal accounting policies, profit and loss account, balance sheet and notes 1 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and the information given in the Report of the Directors is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the Report of the Directors is consistent with the financial statements for the period ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH"

Section E

Set out below is the financial information for the three years ended 31 March 2006 extracted from the published audited accounts of AssetCo SVO Limited without material adjustment:

PROFIT AND LOSS ACCOUNT

	Notes	*Year ended 31 March 2006* £	*Year ended 31 March 2005* £	*Year ended 31 March 2004* £
Turnover		4,315,983	5,565,433	5,745,856
Cost of sales		(3,739,754)	(4,743,990)	(4,527,089)
Gross profit		576,229	821,443	1,218,767
Other operating charges	1	(2,559,437)	(647,074)	(1,162,454)
Operating (loss)/profit	2	(1,983,208)	174,369	56,313
Interest receivable and similar income		(179)	687	20,179
(Loss)/profit on ordinary activities before taxation		(1,983,387)	175,056	76,492
Tax on (loss)/profit on ordinary activities		93,000	6,187	(9,830)
(Loss)/profit for the financial year		(1,890,387)	181,243	66,662

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the three years as set out above.

BALANCE SHEET

	Notes	*2006* £	*2005* £	*2004* £
Fixed assets				
Tangible assets	4	12,676	10,159	36,972
Current assets				
Stocks		165,455	610,588	528,696
Debtors	5	1,119,627	2,293,422	2,379,912
Cash at bank		108,739	215,746	127,849
		1,393,821	3,119,756	3,036,457
Creditors: amounts falling due within one year	7	1,580,432	1,413,463	1,534,269
Net current (liabilities)/assets		(186,611)	1,706,293	1,502,188
Total assets less current liabilities		(173,935)	1,716,452	1,539,160
Provision for liabilities and charges		—	—	(3,951)
		(173,935)	1,716,452	1,535,209
Capital and reserves				
Called-up equity share capital	9	300	300	300
Profit and loss account		(174,235)	1,716,152	1,534,909
(Deficit)/shareholders' funds	11	(173,935)	1,716,452	1,535,209

These financial statements have been prepared in accordance with the special provisions for small companies under Part VIII of the Companies Act 1985.

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	–	20%
Fixtures & Fittings	–	20% – 50%
Motor Vehicles	–	33.33%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

NOTES TO THE FINANCIAL STATEMENTS

1. OTHER OPERATING CHARGES

	2006	*2005*	*2004*
	£	£	£
Distribution costs	1,042,637	—	—
Administrative expenses	1,516,800	647,074	1,162,454
	2,559,437	647,074	1,162,454

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2006	*2005*	*2004*
	£	£	£
Depreciation of owned fixed assets	8,142	25,627	12,432
Loss/(profit) on disposal of fixed assets	—	867	(4,622)
Auditor's fees	9,000	9,000	9,000
Write off of amounts due from group undertakings	1,360,849	—	—

3. TAXATION ON ORDINARY ACTIVITIES

	2006	*2005*	*2004*
	£	£	£
Current tax:			
UK Corporation tax charge	—	—	9,792
Deferred tax:			
Losses carried forward	(93,000)	(6,187)	38
	(93,000)	(6,187)	9,830

4. TANGIBLE FIXED ASSETS

	Plant & Machinery	*Fixtures & Fittings*	*Motor Vehicles*	*Total*
	£	£	£	£
Cost				
At 1 April 2003	135,173	48,546	27,947	211,666
Additions	—	—	6,721	6,721
Disposals	—	—	(17,493)	(17,493)
At 1 April 2004	135,173	48,546	17,175	200,894
Additions	4,371	160	—	4,531
Disposals	—	—	(10,454)	(10,454)
At 1 April 2005	139,544	48,706	6,721	194,971
Additions	—	10,659	—	10,659
At 31 March 2006	139,544	59,365	6,721	205,630
Depreciation				
At 1 April 2003	112,685	39,050	5,920	157,655
Charge	5,612	2,374	4,446	12,432
Disposals	—	—	(6,165)	(6,165)

	Plant & Machinery	*Fixtures & Fittings*	*Motor Vehicles*	*Total*
	£	*£*	*£*	*£*
At 1 April 2004	118,297	41,424	4,201	163,922
Charge	15,587	6,985	3,055	25,627
Disposals	—	—	(4,737)	(4,737)
At 1 April 2005	133,884	48,409	2,519	184,812
Charge for the year	2,455	3,449	2,238	8,142
At 31 March 2006	136,339	51,858	4,757	192,954
Net book value				
At 31 March 2006	3,205	7,507	1,964	12,676
At 31 March 2005	5,660	297	4,202	10,159
At 31 March 2004	16,876	7,122	12,974	36,972

5. DEBTORS

	2006	*2005*	*2004*
	£	*£*	*£*
Trade debtors	948,272	1,053,898	1,393,642
Amounts owed by group undertakings	59,558	1,231,772	976,547
Other debtors	16,561	5,516	9,723
Deferred taxation (note 6)	95,236	2,236	—
	1,119,627	2,293,422	2,379,912

6. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2006	*2005*	*2004*
	£	*£*	*£*
Included in debtors (note 5)/(provisions for liabilities and charges)	95,236	2,236	(3,951)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2006	*2005*	*2004*
	£	*£*	*£*
Losses carried forward	93,000	—	—
Excess of taxation allowances over depreciation on fixed assets	2,236	2,236	(3,951)
	95,236	2,236	(3,951)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	*2005*	*2004*
	£	*£*	*£*
Trade creditors	669,705	742,263	919,909
Amounts owed to group undertakings	491,212	63,452	1,655
Corporation tax	—	9,792	9,792
Other taxation and social security	54,132	160,894	259,846
Other creditors	365,383	437,062	343,067
	1,580,432	1,413,463	1,534,269

8. RELATED PARTY TRANSACTIONS

Being a 100% owned subsidiary, the company has taken advantage of the exemption as conformed by Financial Reporting Standard No 8 'Related Party Disclosures', not to disclose transactions with other members of the Group headed by AssetCo Group Limited.

9. SHARE CAPITAL

Authorised share capital:

	2006	*2005*	*2004*
	£	*£*	*£*
3,000 Ordinary shares of £1 each	3,000	3,000	3,000

Allotted called up and fully paid:

	2006		*2005*		*2004*	
	No	*£*	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	300	300	300	300	300	300
Equity shares						
Ordinary shares of £1 each	300	300	300	300	300	300

10. PROFIT AND LOSS ACCOUNT

	2006	*2005*	*2004*
	£	*£*	*£*
Balance brought forward	1,716,152	1,534,909	1,768,247
Dividends	—	—	(300,000)
(Loss)/profit for the financial year	(1,890,387)	181,243	66,662
Balance carried forward	(174,235)	1,716,152	1,534,909

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	*2005*	*2004*
	£	*£*	*£*
(Loss)/profit for the financial year	(1,890,387)	181,243	66,662
Dividends	—	—	(300,000)
Opening shareholders' funds	1,716,452	1,535,209	1,768,547
Closing shareholders' (deficit)/funds	(173,935)	1,716,452	1,535,209

12. ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent company undertaking and ultimate controlling related party is AssetCo Group Limited, incorporated in Northern Ireland, by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by AssetCo Group Limited. Copies of the financial statements of AssetCo Group Limited can be obtained from the registered office."

Set out below is the full text of the independent auditors' report of AssetCo SVO Limited for the year ended 31 March 2006:

"**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ASSETCO SVO LIMITED**

We have audited the financial statements of AssetCo SVO Limited for the year ended 31 March 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditor

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the information given in the Report of the Directors is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 applicable to small companies; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH"

Set out below is the full text of the independent auditors' report of AssetCo SVO Limited for the year ended 31 March 2005:

"**Independent auditors' report to the members of AssetCo SVO Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2005 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
4 October 2005"

Set out below is the full text of the independent auditors' report of AssetCo SVO Limited for the year ended 31 March 2004:

"**Independent auditors' report to the members of AssetCo SVO Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
January 2005"

Section F

Set out below is financial information for the two years ended 31 March 2006 extracted from the published unaudited accounts and for the year ended 31 March 2004 extracted from the published audited accounts of AssetCo Municipal Limited without material adjustment:

Profit and loss account

	Notes	*2006*	*2005*	*2004*
		£	*£*	*£*
Turnover		48,621	—	—
Cost of Sales		(46,452)	—	—
Gross profit		2,169	—	—
Exceptional income — forgiveness of parent loan		—	—	4,104,483
Administrative expenses		(2,169)	—	—
Operating profit on ordinary activities before taxation		—	—	4,104,483
Tax on profit on ordinary activities		—	—	—
Profit for the financial year		—	—	4,104,483
Dividend paid	6	—	—	(1,195,271)
Retained profit for the year		—	—	2,909,212

The company has no recognised gains or losses other than the result for the three years set out above.

Balance Sheet

	Notes	*2006*	*2005*	*2004*
		£	*£*	*£*
Current assets				
Debtors	2	100	100	100
Net assets		100	100	100
Capital and reserves				
Called-up equity share capital	3	100	100	100
Total equity shareholders' funds	4	100	100	100

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention. They have been prepared in accordance with applicable accounting standards.

b) Cash flow statement

The company has taken advantage of the exemptions under paragraph 5 in FRS1 (Revised 1996) that as a wholly owned subsidiary of AssetCo Group Limited a cash flow statement is not required.

2. Debtors

	2006	*2005*	*2004*
	£	*£*	*£*
Amounts due from group undertakings	100	100	100
	100	100	100

3. Called-up equity share capital

	2006	*2005*	*2004*
	£	*£*	*£*
Authorised, allotted, called-up and fully-paid			
100 ordinary shares of £1 each	100	100	100

4. Reconciliation of movement in total equity shareholders' funds

	2006	*2005*	*2004*
	£	*£*	*£*
Retained profit for year	—	—	2,909,212
Opening equity shareholders' funds	100	100	(2,909,112)
Closing equity shareholders' funds	100	100	100

5. Profit and loss account

	2006	*2005*	*2004*
	£	*£*	*£*
Beginning of year	—	—	(2,909,212)
Retained profit for year	—	—	2,909,212
End of year	—	—	—

6. Dividends

	2006	*2005*	*2004*
	£	*£*	*£*
Final paid of £nil (2005: £nil; 2004: £11,952.71 per ordinary share)	—	—	1,195,271

7. Ultimate parent undertaking

At each year end the company was a subsidiary undertaking of AssetCo Limited, a company registered in England and Wales. The company's ultimate parent undertaking, and the only entity to prepare consolidated accounts which include the company, is AssetCo Group Limited. Copies of the group accounts of AssetCo Group Limited may be obtained from 34 Roughfort Road, Mallusk, Newtownabbey, BT36 4RE

The company regards M.J.Shannon, a director of the company and holder of more than 50% of the voting shares of AssetCo Group Limited, as the group's controlling party.

Set out below is the full text of the audit exemption statement of AssetCo Municipal Limited for the year ended 31 March 2006:

"**Audit exemption statement**

For the year ended 31 March 2006 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

(i) ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985; and

(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Signed on behalf of the Board

M.J.Shannon
Director

15 January 2007"

Set out below is the full text of the audit exemption statement of AssetCo Municipal Limited for the year ended 31 March 2005:

"**Audit exemption statement**

For the year ended 31 March 2005 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

(i) ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985; and

(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Signed on behalf of the Board

M.P.M. Olive
Director

4 October 2005"

Set out below is the full text of the independent auditors' report of AssetCo Municipal Limited for the year ended 31 March 2004:

"**Independent auditors' report to the members of AssetCo Municipal Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
January 2005"

Section G

Set out below is financial information for the three years ended 31 March 2006 extracted from the published accounts of AssetCo Vehicles Limited:

Profit and loss account

The company has not traded during the three years ended 31 March 2006 and three received no income and incurred no expenditure. Consequently, during the years the company has made neither a profit nor a loss nor were there any recognised gains and losses during the three years.

Balance Sheet

	Notes	*2006* £	*2005* £	*2004* £
Fixed assets				
Fixed asset investments	2	3,000,004	3,000,004	3,000,004
Current assets				
Debtors	3	64,819,000	64,819,000	64,819,000
Net assets		67,819,004	67,819,004	67,819,004
Capital and reserves				
Called-up equity share capital	4	100,000,000	100,000,000	100,000,000
Profit and loss account	5	(32,180,996)	(32,180,996)	(32,180,996)
Total equity shareholders' funds	6	67,819,004	67,819,004	67,819,004

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention. They have been prepared in accordance with applicable accounting standards and relevant statements of recommended practice (SORPs).

b) Cash flow statement

The company has taken advantage of the exemptions under paragraph 5 in FRS1 (Revised 1996) that as a wholly owned subsidiary of AssetCo Group Limited a cash flow statement is not required.

2. Fixed asset investments

	2006	*2005*	*2004*
	£	*£*	*£*
Subsidiary undertakings			
Beginning of year	3,000,004	3,000,004	103,050,004
Transferred to parent undertaking	—	—	(100,050,000)
End of year	3,000,004	3,000,004	3,000,004

Details of the subsidiary undertakings at 31 March 2006, 31 March 2005 and 31 March 2004 are as follows:

Subsidiaries	*% Voting rights held*	*Class of shares*	*Activity*
AssetCo Emergency Limited	100%	Ordinary	Fleet & asset management services
AssetCo Engineering Limited	100%	Ordinary	Maintenance of vehicles and equipment

All companies are registered in England and Wales.

3. Debtors

	2006	*2005*	*2004*
	£	*£*	*£*
Amounts falling due within one year:			
Amounts due from group undertakings	64,819,000	64,819,000	64,819,000
	64,819,000	64,819,000	64,819,000

4. Called-up equity share capital

	2006	*2005*	*2004*
	£	*£*	*£*
Authorised, allotted, called-up and fully-paid			
100,000,000 ordinary shares of £1 each	100,000,000	100,000,000	100,000,000

5. Profit and loss account

	2006	*2005*	*2004*
	£	*£*	*£*
Beginning of year	(32,180,996)	(32,180,996)	(32,180,996)
Result for the year	—	—	—
End of year	(32,180,996)	(32,180,996)	(32,180,996)

6. Reconciliation of movement in total equity shareholders' funds

	2006	*2005*	*2004*
	£	*£*	*£*
Result for the year	—	—	—
Opening equity shareholders' funds	67,819,004	67,819,004	67,819,004
Closing equity shareholders' funds	67,819,004	67,819,004	67,819,004

7. Parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is AssetCo Group Limited, which is incorporated in England and Wales and is the only company to consolidate the accounts of this company. Copies of the group accounts of AssetCo Group Limited may be obtained from Davidson House, Forbury Square, Reading, RG1 3GA.

The company regards MPM Olive, a director of the company and holder of more than 50% of the voting shares of AssetCo Group Limited, as the group's controlling party.

Set out below is the full text of the audit exemption statement of AssetCo Vehicles Limited for the year ended 31 March 2006:

"**Audit exemption statement**

For the year ended 31 March 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

(i) ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985; and

(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Signed on behalf of the Board

M.J. Shannon
Director

15 January 2007"

Set out below is the full text of the audit exemption statement of AssetCo Vehicles Limited for the year ended 31 March 2005:

"**Audit exemption statement**

For the year ended 31 March 2005 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

(i) ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985; and

(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Signed on behalf of the Board

M.P.M. Olive
Director

4 October 2005"

Set out below is the full text of the independent auditors' report of AssetCo Vehicles Limited for the year ended 31 March 2004:

"**Independent auditors' report to the members of AssetCo Vehicles Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
January 2005"

Section H

Set out below is the financial information for the two years ended 31 March 2006 and the ten months ended 31 March 2004 extracted from the published audited accounts of AssetCo Papworth Limited without material adjustment:

PROFIT AND LOSS ACCOUNT

	Notes	*Year ended 31 March 2006*	*Year ended 31 March 2005 restated*	*Ten months ended 31 March 2004*
		£	*£*	*£*
Turnover	1	11,427,396	15,456,609	7,494,029
Cost of sales		(10,246,979)	(13,947,527)	(6,374,191)
Gross profit		1,180,417	1,509,082	1,119,838
Other operating charges	2	(1,937,736)	(1,166,741)	(1,506,493)
Operating (loss)/profit	3	(757,319)	342,341	(386,655)
Interest receivable		4,124	1,466	435
Interest payable and similar charges	5	(20,303)	(14,895)	(15,951)
(Loss)/profit on ordinary activities before taxation		(773,498)	328,912	(402,171)
Tax on (loss)/profit on ordinary activities	6	194,726	(117,977)	34,077
(Loss)/profit for the financial year		(578,772)	210,935	(368,094)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the periods as set out above.

BALANCE SHEET

	Notes	*As at 31 March 2006*	*As at 31 March 2005 restated*	*As at 31 March 2004*
		£	£	£
Fixed assets				
Intangible assets	7	—	—	—
Tangible assets	8	615,421	236,203	802,932
Investments	9	500	500	500
		615,921	236,703	803,432
Current assets				
Stocks	10	149,180	199,775	1,112,585
Debtors	11	3,719,736	4,712,694	1,881,187
Investments	12	—	2,197,710	—
Cash at bank and in hand		113,263	432,633	215,740
		3,982,179	7,542,812	3,209,512
Creditors: amounts falling due within one year	13	(4,162,979)	(6,630,722)	(3,096,816)
Net current (liabilities)/assets		(180,800)	912,090	112,696
Total assets less current liabilities		435,121	1,148,793	916,128
Creditors: amounts falling due after more than one year	14	—	—	(96,247)
		435,121	1,148,793	819,881
Provisions for liabilities				
Deferred taxation	15	—	(134,900)	(16,923)
		435,121	1,013,893	802,958
Capital and reserves				
Called-up equity share capital	18	60,000	60,000	60,000
Profit and loss account		375,121	953,893	742,958
Shareholders' funds	20	435,121	1,013,893	802,958

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The accounting policies of the company remain unchanged with the exception of Urgent Issues Task Force (UITF) abstract 40 'Revenue Recognition and Service Contracts'. The adoption of UITF 40 has resulted in work in progress being categorised as accrued income and extra profit of £40,000 (2005: £nil; 2004: £nil) being recognised this year.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Consolidation

The company was, at the end of the period, a wholly owed subsidiary of AssetCo Group Limited, incorporated in Northern Ireland and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	– 2%
Plant & Machinery	– 20% – 50%
Fixtures & Fittings	– 20% – 33.33%
Motor Vehicles	– 25%
Short Leasehold Improvements	– period of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2006	*2005*	*2004*
	£	*£*	*£*
United Kingdom	11,427,396	15,456,609	7,494,029

2. OTHER OPERATING CHARGES

	2006	*2005*	*2004*
	£	*£*	*£*
Administrative expenses	1,937,736	1,166,741	1,506,493

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2006	*2005*	*2004*
	£	*£*	*£*
Depreciation of owned fixed assets	630,116	164,137	114,421
Profit on disposal of fixed assets	—	(746,694)	—
Auditor's remuneration:			
Audit fees	12,000	12,000	9,183
Operating lease costs:			
Other	568,415	191,920	158,991
Management charge (received)/paid	(250,000)	—	321,415
Research and development	—	22,330	51,065

4. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	2006	*2005*	*2004*
	£	*£*	*£*
Wages and salaries	1,673,560	3,068,887	1,951,442
Social security costs	277,000	309,980	196,224
Other pension costs	38,565	39,615	60,337
	1,989,125	3,418,482	2,208,003

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

	2005	*2004*
	Number	*Number*
Production	108	96
Administration	29	20
	137	116

No employee information was disclosed for 2006.

Their aggregate remuneration comprises:

	2005	2004
	£	£
Wages and salaries	3,068,887	1,951,442
Social security	309,980	196,224
Pension	39,615	60,337
	3,418,482	2,208,003

None of the directors who served during the years received emoluments for services to the company.

	2005	2004
	£	£
Emoluments	—	111,852
Value of company pension contributions to money purchase schemes	—	16,080
	—	127,932

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005	2004
	£	£	£
Interest payable on bank borrowing	20,303	14,895	15,951

6. TAXATION ON ORDINARY ACTIVITIES

	2006	2005	2004
	£	£	£
Deferred tax:			
Origination and reversal of timing differences	(194,726)	117,977	2,923

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 – 30%; 2004 – 30%).

	2006	2005	2004
	£	£	£
(Loss)/profit on ordinary activities before taxation	(773,498)	328,912	(402,171)
(Loss)/profit on ordinary activities by rate of tax	(232,049)	98,674	(120,651)
Expenses not deductible for tax purposes	—	1,585	2,446
Depreciation for the period in excess of capital allowances	10,478	(4,321)	12,946
Group relief	—	128,610	49,000
Profit on sale of property	—	(224,008)	—
Trading losses carried forward	221,571	—	—
Other timing differences	—	(540)	—
Loss relieved at small business rate	—	—	21,700
Underprovision in prior year	—	—	482
Total current tax	—	—	(34,077)

7. INTANGIBLE FIXED ASSETS

Know-how

	2006 £	*2005* £	*2004* £
Cost			
Beginning and end of period	—	—	73,000
Amortisation			
Beginning and end of period	—	—	73,000
Net book value			
Beginning and end of period	—	—	—

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	*Plant & Machinery* £	*Fixtures & Fittings* £	*Motor Vehicles* £	*Equipment* £	*Total* £
Cost						
At 1 June 2003	514,463	484,483	99,368	68,891	127,108	1,294,313
Additions	—	29,546	50,690	17,836	—	98,072
Disposals	—	—	(54,549)	(49,821)	—	(104,370)
At 1 April 2004	514,463	514,029	95,509	36,906	127,108	1,288,015
Additions	3,102,792	31,721	3,363	—	12,731	3,150,607
Disposals	(1,394,463)	(47,656)	(9,090)	(19,070)	—	(1,470,279)
Transfers	(2,222,792)	—	—	—	—	(2,222,792)
At 1 April 2005	—	498,094	89,782	17,836	139,839	745,551
Additions	345,790	87,748	37,809	6,678	21,960	499,985
31 March 2006	345,790	585,842	127,591	24,514	161,799	1,245,536
Deprecation						
At 1 June 2003	31,437	300,630	75,777	27,510	15,166	450,520
Charge	9,720	64,891	18,291	12,474	9,045	114,421
Disposals	—	—	(51,382)	(28,476)	—	(79,858)
At 1 April 2004	41,157	365,521	42,686	11,508	24,211	485,083
Charge	25,082	82,010	33,229	14,733	9,083	164,137
Disposals	(41,157)	(47,656)	(9,090)	(16,887)	—	(114,790)
Transfer	(25,082)	—	—	—	—	(25,082)
At 1 April 2005	—	399,875	66,825	9,354	33,294	509,348
Provided in the year	6,808	55,401	31,802	13,822	12,934	120,767
31 March 2006	6,808	455,276	98,627	23,176	46,228	630,115
Net book value						
At 31 March 2006	338,982	130,566	28,964	1,338	115,571	615,421
At 31 March 2005	—	98,219	22,957	8,482	106,545	236,203
At 31 March 2004	473,306	148,508	52,823	25,398	102,897	802,932

During the year ended 31 March 2005 the company entered into a sale and leaseback agreement for portion of the land occupied by the company's plant. This agreement was completed in March 2005 and generated a profit on sale of £0.7m. The company is in the process of extending its assembly plant and, when construction is completed during 2005, the buildings occupying the land sold in the first agreement above will also be sold and leased back. Consequently net book value of those buildings at 31 March 2005 have been reclassified to property held for sale.

9. INVESTMENTS

Subsidiary undertaking

	Total £
Cost	
At 31 March 2004, 31 March 2005 and 31 March 2006	500
Net book value	
At 31 March 2006	500
At 31 March 2005	500
At 31 March 2004	500

At each year end the company held 50% of the issued share capital of ADATT Limited, a company incorporated in England and Wales and engaged in the purchase and sale of specialist motor vehicles. At each year end the aggregate capital and reserves of ADATT Limited were £1,000 and the result for each year was £nil.

10. STOCKS

	2006 £	*2005* £ *Restated*	*2004* £
Raw materials	149,180	199,775	170,303
Work in progress	—	—	942,282
	149,180	199,775	1,112,585

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

	2006 £	*2005* £ *Restated*	*2004* £
Trade debtors	1,258,732	1,191,376	1,623,761
Amounts owed by group undertakings	641,174	158,493	102,785
Amounts owed by related undertakings	244,589	—	—
Corporation tax repayable	—	37,482	37,482
Other debtors	—	2,136,051	23,217
Prepayments and accrued income	1,515,415	1,189,292	93,942
Deferred tax asset	59,826	—	—
	3,719,736	4,712,694	1,881,187

12. INVESTMENTS

	2006 £	*2005* £	*2004* £
Available-for-sale investments	—	2,197,710	—

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	*2005* £	*2004* £
Bank loans and overdrafts	415,041	2,114,281	36,960
Trade creditors	1,528,202	1,561,498	2,095,529
Amounts owed to group undertakings	64,631	1,771,812	383,386
Other taxation and social security	217,909	172,560	163,416
Other creditors	37,835	389,272	302,340
Accruals and deferred income	1,899,361	621,299	115,185
	4,162,979	6,630,722	3,096,816

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	*2005* £	*2004* £
Bank loan	—	—	96,247

15. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2006 £	*2005* £	*2004* £
Provision brought forward	134,900	16,923	14,000
Profit and loss account movement arising during the year	(194,726)	117,977	2,923
Provision carried forward	(59,826)	134,900	16,923

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006 £	*2005* £	*2004* £
Excess of taxation allowances over depreciation on fixed assets	11,174	134,900	16,923
Losses carried forward	(71,000)	—	—
Provision carried forward	(59,826)	134,900	16,923

16. RELATED PARTY TRANSACTIONS

Being a 100% owned subsidiary, the company has taken advantage of the exemption as conformed by Financial Reporting Standard No 8 ‘Related Party Disclosures’, not to disclose transactions with other members of the Group headed by AssetCo Group Limited.

17. ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent company undertaking and ultimate controlling related party is AssetCo Group Limited, incorporated in Northern Ireland, by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by AssetCo Group Limited. Copies of the financial statements of AssetCo Group Limited can be obtained from the registered office.

18. SHARE CAPITAL

Authorised share capital:

	2006	2005	2004
	£	£	£
200,000 Ordinary shares of £1 each	200,000	200,000	200,000

Allotted called up and fully paid:

	2006		2005		2004	
	No	£	No	£	No	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000	60,000	60,000

19. PROFIT AND LOSS ACCOUNT

	2006	2005	2004
	£	£	£
Balance brought forward	953,893	742,958	1,111,052
(Loss)/profit for the financial year	(578,772)	210,935	(368,094)
Balance carried forward	375,121	953,893	742,958

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005	2004
	£	£	£
(Loss)/profit for the financial year	(578,772)	210,935	(368,094)
Opening shareholders' funds	1,013,893	802,958	1,171,052
Closing shareholders' funds	435,121	1,013,893	802,958

21. FINANCIAL COMMITMENTS

	2006	2005	2004
	£	£	£
Capital expenditure contracted for but not provided for in the financial statements	—	835,000	—

Set out below is the full text of the independent auditors' report of AssetCo Papworth Limited for the year ended 31 March 2006:

"**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ASSETCO PAPWORTH LIMITED.**

We have audited the financial statements of AssetCo Papworth Limited for the year ended 31 March 2006 which comprises the principal accounting policies, profit and loss account, balance sheet and notes 1 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on therein.

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

Respective responsibilities of directors and auditor

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the information given in the Report of the Directors is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH"

Set out below is the full text of the independent auditors' report of AssetCo Papworth Limited for the year ended 31 March 2005:

"**Independent auditors' report to the members of AssetCo Papworth Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2005 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
4 October 2005"

Set out below is the full text of the independent auditors' report on AssetCo Papworth Limited for the period ended 31 March 2004:

"**Independent auditors' report to the members of AssetCo Papworth Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of the result of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
January 2005"

Section I

Set out below is the financial information for the period ended 31 March 2004 and the two years ended 31 March 2006 extracted from the published audited accounts of AssetCo (Ireland) Limited without material adjustment:

PROFIT AND LOSS ACCOUNT

	Notes	*Year ended 31 March 2006* £	*Year ended 31 March 2005* £	*Period ended 31 March 2004* £
TURNOVER	2	7,573,814	9,898,496	—
Cost of sales		(5,880,788)	(6,893,896)	—
GROSS PROFIT		1,693,026	3,004,600	—
Distribution Costs		(153,221)	(103,505)	—
Administrative expenses		(1,827,205)	(1,987,789)	60
Other operating income		17,755	5,387	—
OPERATING (LOSS)/PROFIT	3	(269,645)	918,693	(60)
Interest receivable		1,499	41,588	—
Interest payable and similar charges	6	(712,616)	(488,157)	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(980,762)	472,124	(60)
Tax on (loss)/profit on ordinary activities	7	115,599	(107,239)	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(865,163)	364,885	(60)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the periods as set out above.

BALANCE SHEET

	Notes		Year ended 31 March 2006 £		Year ended 31 March 2005 £		Period ended 31 March 2004 £
FIXED ASSETS							
Intangible assets	8		181,422		199,190		—
Tangible assets	9		12,764,294		13,520,246		—
Investments	10		12,423,101		12,423,101		10,304,297
			25,368,817		26,142,537		10,304,297
CURRENT ASSETS							
Stocks	11	153,990		144,635		—	
Debtors	12	2,734,721		4,078,072		—	
Cash at bank and in hand		650		305,085		6,000,000	
		2,889,361		4,527,792		6,000,000	
CREDITORS: Amounts falling due within one year	13	(23,484,698)		(18,471,311)		(6,000,000)	
NET CURRENT LIABILITIES			(20,595,337)		(13,943,519)		—
TOTAL ASSETS LESS CURRENT LIABILITIES			4,773,480		12,199,018		10,304,297
CREDITORS: Amounts falling due after more than one year	14		(4,789,368)		(11,234,144)		(10,304,257)
			(15,888)		964,874		40
PROVISIONS FOR LIABILITIES							
Deferred taxation	17		(484,350)		(599,949)		—
			(500,238)		364,925		40
CAPITAL AND RESERVES							
Called-up equity share capital	19		100		100		100
Profit and loss account	20		(500,338)		364,825		(60)
(DEFICIT)/SHAREHOLDERS' FUNDS	21		(500,238)		364,925		40

CASH FLOW STATEMENT

		2006		2005		2004
	£	£	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		8,762,097		875,614		(60)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE						
Interest received	1,499		41,588		—	
Interest paid	(42,678)		(116,089)		—	
Interest element of hire purchase	(669,938)		(372,068)		—	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(711,117)		(446,569)		—
TAXATION		346,575		(464,197)		—
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT						
Payments to acquire intangible fixed assets	—		(216,958)		—	
Payments to acquire tangible fixed assets	(3,809,769)		(3,791,144)		—	
Receipts from sale of fixed assets	1,249,463		699,765		—	
Acquisition of investments	—		(2,118,804)		(10,304,297)	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(2,560,306)		(5,427,141)		(10,304,297)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		5,837,249		(5,462,293)		(10,304,357)
FINANCING						
Repayment of bank loans	(533,634)		(5,319,795)		6,000,000	
Repayment of long-term amounts owed to group undertakings	—		(10,304,257)		10,304,357	
Capital element of hire purchase	(1,265,965)		10,522,885		—	
Net (outflow)/inflow from other long-term creditors	(4,171,801)		4,171,801		—	
NET CASH OUTFLOW FROM FINANCING		(5,971,400)		(929,366)		16,304,357
(DECREASE)/INCREASE IN CASH		(134,151)		(6,391,659)		6,000,000

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	*2005*	*2004*
	£	*£*	*£*
Operating (loss)/profit	(269,645)	918,693	(60)
Amortisation	17,768	17,768	—
Depreciation	3,224,017	3,337,563	—
Loss/(Profit) on disposal of fixed assets	92,241	(4,824)	—
Increase in stocks	(9,355)	(144,635)	—
Decrease/(increase) in debtors	996,776	(3,121,165)	—
Increase/(decrease) in creditors	4,710,295	(127,786)	—
Net cash inflow from operating activities	8,762,097	875,614	(60)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		2006		*2005*		*2004*
	£	*£*	*£*	*£*	*£*	*£*
Decrease in cash in the period	(134,151)		(6,391,659)		6,000,000	
Net cash outflow from bank loans	533,634		5,319,795		(6,000,000)	
Net cash outflow from long-term amounts owed to group undertakings	—		10,304,257		(10,304,257)	
Cash outflow in respect of hire purchase	1,265,965		(10,522,885)		—	
Net cash outflow from/(inflow) from other long-term creditors	4,171,801		(4,171,801)		—	
		5,837,249		(5,462,293)		(10,304,257)
Change in net debt		5,837,249		(5,462,293)		(10,304,257)
Net debt at beginning of period		(15,766,550)		(10,304,257)		—
Net debt at end of period		(9,929,301)		(15,766,550)		(10,304,257)

ANALYSIS OF CHANGES IN NET DEBT

	At 9 June 2003	*Cash flows*	*As at 1 April 2004*	*Cash flows*	*As at 1 April 2005*	*Cash flows*	*As at 31 March 2006*
	£	*£*	*£*	*£*	*£*	*£*	*£*
Net cash:							
Cash in hand and at bank	—	6,000,000	6,000,000	(5,694,915)	305,085	(304,435)	650
Overdrafts	—	—	—	(696,744)	(696,744)	170,284	(526,460)
	—	6,000,000	6,000,000	(6,391,659)	(391,659)	(134,151)	(525,810)
Debt:							
Debt due within 1 year	—	(6,000,000)	(6,000,000)	5,674,549	(325,451)	178,880	(146,571)
Debt due after 1 year	—	(10,304,257)	(10,304,257)	5,777,702	(4,526,555)	4,526,555	—
Hire purchase agreements	—	—	—	(10,522,885)	(10,522,885)	1,265,965	(9,256,920)
	—	(16,304,257)	(16,304,257)	929,366	(15,374,891)	5,971,400	(9,403,491)
Net debt	—	(10,304,257)	(10,304,257)	(5,462,293)	(15,766,550)	5,837,249	(9,929,301)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Changes in accounting policies

In preparing the financial statements for the year ended 31 March 2006, the company has adopted the following Financial Reporting Standards:

– FRS 21 'Events after the Balance Sheet date (IAS 10)'; and

– the presentation requirements of "FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)".

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

The adoption of FRS 25 has resulted in a change in presentation of the financial statements in respect of equity dividends paid. Under the new disclosure and presentational requirements of FRS 25 equity dividends paid are now debited to the profit and loss reserve and not debited directly to the profit and loss account. The comparative figures shown have been re-stated to comply with the new requirements. This change has no effect on the results of the current nor previous accounting period.

Consolidation

At the end of each period, the company was, a subsidiary of another company incorporated in the EEA and in accordance with Article 236 of the Companies (Northern Ireland) Order 1986, is not required to produce, and has not published, consolidated accounts.

Turnover

Turnover comprises the invoiced value of leasing and hiring of commercial vehicles and related services.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill – 6.67% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	– 5% – 8.33% straight line
Plant & Machinery	– 14.28% – 33.33% straight line
Fixtures & Fittings	– 14.28% – 33.33% straight line
Motor Vehicles	– 10% – 33.33% straight line
Equipment	– 33.33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leasing and hire purchase commitments

As part of its asset management activities, the company enters into leases with customers that are funded through related head leases or head hire purchase (HP) facilities with financial institutions. Under the terms of the head leases, the company will normally act as the lessor's agent for disposing of the residual assets at the end of the lease term and may participate in the proceeds of sale. The accounting treatment of these head leases and subleases depends on the substance of the arrangements.

Where the company simultaneously enters into a head lease and sublease under terms that limit the funder's recourse to the company to certain specific cash flows from the sublease in such a way that all the benefits and all the risks associated with those cash flows are transferred to the funder, the arrangements are accounted for as a single transaction. Accordingly, only the company's cash investment in any residual value is recognised in the balance sheet.

Where, however, the transaction is negotiated such that the group is exposed to the credit risk on the underlying lease with the customer, the head lease or head HP facilities and sublease are accounted for as separate transactions. Accordingly, where the head lease or similar contract is a HP contract, the capital element of future financing obligations is recorded as a liability, while the interest element is charged to the profit and loss account over the period of the HP agreement so as to produce a constant rate of charge on the capital outstanding.

The accounting treatment of the related sublease will depend on the nature of the sublease. Where the nderlying lease is a finance lease, it will be recorded as a finance lease receivable and the interest from the finance lease will be recognised in income over the lease term on a basis that gives a constant rate of periodic rate of return on the outstanding investment.

Where the underlying lease with the customer is an operating lease, the related asset will be capitalised as a fixed asset and depreciated over the shorter of the lease term and its useful life, and rental income from operating leases will be recognised on a straight-line basis over the lease term.

Where the company bears the cost of maintenance and disposal, then the related income is matched on a consistent basis.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have not reversed at the balance sheet date. Transactions which

- that provision is made for tax on gains arising from the revaluation (and similar
- fair value adjustments) of fixed assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned; and
- that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The directors of the company are of the opinion that disclosure of turnover and profit by geographical location would be prejudicial to the interests of the company.

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2006	*2005*	*2004*
	£	£	£
Amortisation	17,768	17,768	—
Depreciation of owned fixed assets	803,635	1,060,391	—
Depreciation of assets held under hire purchase agreements	2,420,382	2,277,172	—
Loss on disposal of fixed assets	92,241	—	—
Profit on disposal of fixed assets	—	(4,824)	—
Auditor's remuneration – as auditor	10,000	15,000	—
Operating lease costs:			
Other	449,953	146,485	—
Net loss on foreign currency translation	646	6,379	—

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006	*2005*	*2004*
Number of production staff	42	44	—
Number of administrative staff	17	17	—
Number of management staff	8	8	—
Number of directors	1	1	—
Number of non-executive directors	2	2	—
	70	72	—

The aggregate payroll costs of the above were:

	2006	*2005*	*2004*
	£	£	£
Wages and salaries	538,309	551,652	—
Other pension costs	15,102	30,812	—
	553,411	582,464	—

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	*2005* £	*2004* £
Emoluments receivable	64,946	129,893	—

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	*2005* £	*2004* £
Interest payable on bank borrowing	19,831	77,549	—
Finance charges	669,938	372,068	—
Other similar charges payable	22,847	38,540	—
	712,616	488,157	—

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £	*2005* £	*2004* £
Current tax:			
UK Corporation tax based on the results for the year at 30% (2005 – 30%; 2004 – 30%)	—	48,621	—
Total current tax	—	48,621	—
Deferred tax:			
Origination and reversal of timing differences (note 17)			
Capital allowances	(115,599)	58,618	—
Tax on (loss)/profit on ordinary activities	(115,599)	107,239	—

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 – 30%; 2004 – 30%).

	2006 £	*2005* £	*2004* £
(Loss)/profit on ordinary activities before taxation	(980,762)	472,124	(60)
Profit/(loss) on ordinary activities by rate of tax	(294,229)	141,637	(18)
Fixed asset timing differences	18,234	(24,338)	—
Other timing differences	—	(99,258)	—
Permanent differences	36,901	11,939	—
Group relief	—	(27,091)	18
Under provision in prior period	—	45,732	—
Increases in taxable losses	239,094	—	—
Total current tax (note 7(a))	—	48,621	—

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 9 June 2003 and 1 April 2004 and 1 April 2005	—
Additions	216,958
At 31 March 2006	216,958
AMORTISATION	
At 9 June 2003 and 1 April 2004	—
Charge for the year	17,768
At 31 March 2005	17,768
Charge for the year	17,768
At 31 March 2006	35,536
NET BOOK VALUE	
At 31 March 2006	181,422
At 31 March 2005	199,190
At 31 March 2004	—

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	*Plant & Machinery* £	*Fixtures & Fittings* £	*Motor Vehicles* £	*Equipment* £	*Total* £
COST						
At 9 June 2003 and 1 April 2004	—	—	—	—	—	—
Additions	471,629	—	24,210	3,293,151	2,154	3,791,144
Disposals	—	—	—	(2,792,946)	—	(2,792,946)
Transfers	506,560	295,545	473,045	26,666,462	41,576	27,983,188
At 1 April 2005	978,189	295,545	497,255	27,166.667	43,730	28,981,386
Additions	136,804	—	29,568	3,643,057	340	3,809,769
Disposals	—	—	—	(1,487,976)	—	(1,487,976)
At 31 March 2006	1,114,993	295,545	526,823	29,321.748	44,070	31,303,179
DEPRECIATION						
At 9 June 2003 and 1 April 2004	—	—	—	—	—	—
Charge for the year	50,315	69,188	59,107	3,146,563	12,390	3,337,563
On disposals	—	—	—	(2,098,005)	—	(2,098,005)
Transfers	44,759	147,114	255,473	13,753,248	20,988	14,221,582
At 1 April 2005	95,074	216,302	314,580	14,801,806	33,378	15,461,140
Charge for the year	67,012	43,609	63,965	3,039,901	9,530	3,224,017
On disposals	—	—	—	(146,272)	—	(146,272)
At 31 March 2006	162,086	259,911	378,545	17,695,435	42,908	18,538,885
NET BOOK VALUE						
At 31 March 2006	952,907	35,634	148,278	11,626,313	1,162	12,764,294
At 31 March 2005	883,115	79,243	182,675	12,364,861	10,352	13,520,246
At 31 March 2004	—	—	—	—	—	—

Hire purchase agreements

Included within the net book value of £12,764,294 is £9,256,920 (2005 – £10,469,450) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,420,382 (2005 – £2,277,172).

10. INVESTMENTS

	£
COST	
At 9 June 2003	—
Additions	10,304,297
At 1 April 2004	10,304,297
Additions	2,118,804
At 31 March 2005 and 31 March 2006	12,423,101
NET BOOK VALUE	
At 31 March 2006	12,423,101
At 31 March 2005	12,423,101
As at 31 March 2004	10,304,297

On 6th November 2003 the company acquired AssetCo Solutions Limited (formerly Fleet Solutions Limited) for £9,344,070 and acquired AssetCo Management Limited (formerly Fleet Management (Ireland) Limited) and its subsidiaries for a consideration of £960,227.

As at the balance sheet date the company held directly or indirectly the following investments in subsidiary undertakings:

Subsidiary	*Holding*	*Nature of business*	*Country of Incorporation*
AssetCo Management Limited	100% Ordinary £1 shares	Dormant Company	Northern Ireland
AssetCo Solutions Limited	100% Ordinary £1 shares	Dormant Company	Northern Ireland
AssetCo Contracts Limited	100% Ordinary £1 shares	Dormant Company	Northern Ireland
Irish Truck Rental Limited	100% Ordinary £1 shares	Dormant Company	Northern Ireland
Star Rentals Limited	100% Ordinary £1 shares	Dormant Company	Northern Ireland
AssetCo Servicecare Limited	100% Ordinary £1 shares	Dormant Company	Northern Ireland

The aggregate capital & reserves and the profit for the year for the subsidiary are:

Aggregate capital and reserves

	2006	*2005*	*2004*
AssetCo Management Limited	730,573	730,573	730,573
AssetCo Solutions Limited	8,500,228	8,500,228	8,500,228
Irish Truck Rental Limited	585,100	585,100	585,100
AssetCo Contracts Limited	577,328	577,328	577,328
AssetCo Servicecare Limited	(172,814)	(172,814)	(172,814)
Profit and (loss) for the year			
AssetCo Management Limited	—	—	(638,708)
AssetCo Solutions Limited	—	—	(1,834,772)
Irish Truck Rental Limited	—	—	—
AssetCo Contracts Limited	—	—	(38,424)
AssetCo Servicecare Limited	—	—	(144,814)

In the opinion of the directors the investment in and amounts due from the company's subsidiary undertaking is worth at least the amounts at which they are stated in the balance sheet.

11. STOCKS

	2006 £	*2005* £	*2004* £
Stock	114,352	102,513	—
Work in progress	39,638	42,122	—
	153,990	144,635	—

12. DEBTORS

	2006 £	*2005* £	*2004* £
Trade debtors	2,577,501	2,290,925	—
Amounts owed by group undertakings	—	493,600	—
Corporation tax repayable	69,001	415,576	—
VAT recoverable	1,270	8,524	—
Other debtors	58,058	199,721	—
Prepayments and accrued income	28,891	669,726	—
	2,734,721	4,078,072	—

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		2006		2005		2004
	£	£	£	£	£	£
Bank loans and overdrafts		673,031		1,022,195		6,000,000
Trade creditors		1,357,759		401,024		—
Amounts owed to group undertakings		15,163,598		10,220,415		—
Other creditors including taxation and social security:						
PAYE and social security	95,718		98,547		—	
VAT	44,389		179,035		—	
Hire purchase agreements	4,467,552		3,815,296		—	
Other creditors	93,879		116,885		—	
		4,701,538		4,209,763		—
Accruals and deferred income		1,588,772		2,617,914		—
		23,484,698		18,471,311		6,000,000

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

		2006		2005		2004
	£	£	£	£	£	£
Bank loans and overdrafts		—		354,754		—
Amounts owed to group undertakings						10,304,257
Other creditors:						
Hire purchase agreements	4,789,368		6,707,589		—	
Long term loan	—		4,171,801		—	
		4,789,368		10,879,390		—
		4,789,368		11,234,144		10,304,257

15. CREDITORS: CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2006	2005	2004
	£	£	£
Amounts repayable:			
In one year or less or on demand	146,571	325,452	—
In more than one year but not more than two years	—	211,761	—
In more than two years but not more than five years	—	142,994	—
	146,571	680,207	—

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2006	2005	2004
	£	£	£
Amounts payable within 1 year	4,467,552	3,815,296	—
Amounts payable between 1 and 2 years	2,336,791	3,272,715	—
Amounts payable between 3 and 5 years	2,452,577	3,434,874	—
	9,256,920	10,522,885	—

17. DEFERRED TAXATION

The movement in the deferred taxation provision during all periods was:

	2006	*2005*	*2004*
	£	*£*	*£*
Provision brought forward	599,949	541,331	—
Profit and loss account movement arising during the year	(115,599)	58,618	—
Provision carried forward	484,350	599,949	—

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	*2005*	*2004*
	£	*£*	*£*
Excess of taxation allowances over depreciation on fixed assets	484,350	599,949	—
	484,350	599,949	—

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by paragraph 3 sub-section c of FRS 8 'Related Party Disclosures' not to disclose transactions with entities which are part of the group.

19. SHARE CAPITAL

Authorised share capital:

	2006	*2005*	*2004*
	£	*£*	*£*
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000

Allotted, called up and fully paid:

	2006		*2005*		*2004*	
	No	*£*	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	100	100	100	100	100	100
Equity shares						
Ordinary shares of £1 each	100	100	100	100	100	100

20. PROFIT AND LOSS ACCOUNT

	2006	*2005*	*2004*
	£	*£*	*£*
Balance brought forward	364,825	(60)	—
(Loss)/profit for the financial year	(865,163)	364,885	(60)
Balance carried forward	(500,338)	364,825	(60)

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	*2005*	*2004*
	£	*£*	*£*
(Loss)/Profit for the financial year	(865,163)	364,885	(60)
Opening shareholders' funds	364,925	40	—
New equity share capital subscribed	—	—	100
Closing shareholders' (deficit)/funds	(500,238)	364,925	40

22. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking, and the only entity to prepare consolidated accounts which include the company, is Sarcon Vehicles Limited. Copies of the group accounts of Sarcon Vehicles Limited may be obtained from its head office".

Set out below is the full text of the independent auditors' report of AssetCo (Ireland) Limited for the year ended 31 March 2006:

"INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF ASSETCO (IRELAND) LIMITED

We have audited the financial statements of AssetCo (Ireland) Limited for the year ended 31 March 2006 which have been prepared on the basis of the accounting policies set out in note 1.

This report is made solely to the company's shareholders, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the Directors' Report is consistent with the financial statements year ended 31 March 2006.

FLANNIGAN EDMONDS BANNON
Chartered Accountants
& Registered Auditors

Pearl Assurance House
2 Donegall Square East
Belfast
BT1 6HB

1 November 2006"

Set out below is the full text of the independent auditors' report of AssetCo (Ireland) Limited for the year ended 31 March 2005:

"INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSETCO (IRELAND) LIMITED

We have audited the financial statements of AssetCo (Ireland) Limited for the year ended 31 March 2005 which have been prepared under the historical cost convention and the accounting policies set out in note 1.

This report is made solely to the company's shareholders, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

FLANNIGAN EDMONDS BANNON
Chartered Accountants
& Registered Auditors

Pearl Assurance House
2 Donegall Square East
Belfast
BT1 5HB
25 January 2006"

Set out below is the full text of the independent auditors' report of AssetCo (Ireland) Limited for the year ended 31 March 2004:

"**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSETCO (IRELAND) LIMITED**

We have audited the financial statements which have been prepared under the historical cost convention and the accounting policies set out in note 1.

This report is made solely to the company's shareholders, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders' as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

FLANNIGAN EDMONDS BANNON
Chartered Accountants
& Registered Auditors

Pearl Assurance House
2 Donegall Square East
Belfast
BT1 5HH

18 November 2004"

PART III

FINANCIAL INFORMATION RELATING TO THE ASFARE GROUP

This section contains the following financial information on Asfare:

Section A – Interim results for the six months ended 30 September 2006

Section B – Financial information for the period ended 31 March 2004, and the two years ended 31 March 2005 and 31 March 2006 extracted from the published audited accounts of Asfare without material adjustment

Section A

Set out below is the full text of the Asfare interim results for the six months ended 30 September 2006:

"Chairman's Interim Statement

The Company reported turnover of £3,580,000 for the six months ended 30 September 2006, which was over 100 per cent. higher than the previous year (£1,698,000). This was driven by a buoyant fire equipment market and the acquisitions of Todd Research and Collins Youldon. Gross margins remained strong at 54 per cent. After accounting for the profit on the sale of the Todd Research building, profit before tax, interest and goodwill amortisation was £487,000, up from £8,000 in the previous year. Profit after taxation was £228,000 compared to a loss of £98,000 in the six months ended 30 September 2005.

In June Asfare acquired the business and assets of Collins Youldon Limited and Ewart F Youldon Limited ("Collins Youldon"). The total cost of the acquisition was £941,000 which was financed through bank debt of £700,000 and cash reserves. These results include three months contribution from Collins Youldon.

In September Asfare sold the Todd Research premises in Chelmsford for £1,300,000. The sale realised a net profit of £209,000, with £850,000 of the proceeds being used to repay bank debt.

After fulfilling the working capital requirements associated with the acquisition of Collins Youldon, cash outflow from operating activities was £167,000 during the period (2005: inflow £89,000), the overall cash balance fell by £420,000 to £81,000. Net debt rose in the period from £1,329,000 to £1,369,000 and the gearing remained at 33 per cent.

The Board has decided to pay an interim dividend of 1.0 pence per share.

The Market

The Asfare Group is split into two divisions; the Fire, Search & Rescue Division, made up of AS Fire and Collins Youldon and the Detection and Protection Division, made up of Todd Research.

Fire, Search & Rescue

Asfare consolidated its strong position in the UK fire equipment market through the acquisition of the Collins Youldon business in June 2006 and the announcement of two large contract wins for its subsidiary AS Fire and Rescue.

Collins Youldon adds hose reels and cable drums to the existing AS-Fire range of ladders, beam gantries, roller shutter products and ancillary fire brigade equipment. Furthermore, Collins Youldon broadens the Company's geographical sales, as 40 per cent. of its revenue is in Europe and it also serves the oil tanker industry.

The contract wins include a 5 year maintenance contract for ladders and a £1.1m order for supplying equipment to the new fleet of London Fire Brigade appliances. The majority of the equipment order is expected to be delivered in the second half of the current financial year.

Detection & Protection

The Todd Research business which sells X-ray equipment for scanning postage and baggage, continues to progress with the launch of a series of new products that includes a value for money range designed for smaller businesses. The level of opportunity with high profile blue chip companies remains strong and the management believes Todd Research is well positioned to take advantage of this.

The sale of the Chelmsford property occupied by Todd Research was agreed simultaneously with a leaseback arrangement for part of the building. The space requirements and cost base for the business have been reduced through the outsourcing of the manufacturing of the production of the metal cabinets.

Strategy and Acquisitions

With the Homeland Security and emergency services continuing to develop a coordinated purchasing approach, Asfare will look to leverage its strong position in the fire, search and rescue market to meet the continued demand for equipment and services for international agencies, rescue services and end-users. Increasingly, customers are looking for value-added services, for example, training and long-term maintenance contracts, in addition to the provision of equipment. The Company will also continue to seek acquisitions that compliment its portfolio of products and services so as to take full advantage of this developing market.

Outlook

The Board is pleased with the performance in the first half of the year. The strength of the order book and the continuing improvement in the Company's markets give the Directors confidence in the prospects for the second half of the year. The Board believes the organisation has a sound platform to continue its growth in 2007.

Tim Wightman
Chairman
28 November 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	(Unaudited) Six Months Ended 30 September 2006 £000	*(Unaudited) Six Months Ended 30 September 2005 £000*	*(Audited) Year Ended 31 March 2006 £000*
Turnover	3,580	1,698	4,905
Cost of sales	(1,656)	(766)	(2,069)
Gross profit	1,924	932	2,836
Administration and establishment expenses	(1,745)	(998)	(2,380)
Operating profit before goodwill amortisation & curtailment gain	278	8	574
Curtailment gain	—	—	141
Goodwill amortisation	(99)	(74)	(259)
Operating profit/(loss)	179	(66)	456
Profit on disposal of fixed asset	209	—	—
Profit/(loss) on ordinary activities before interest	388	(66)	456
Interest receivable	3	3	8
Interest payable	(96)	(35)	(106)
Profit/(loss) on ordinary activities before taxation	295	(98)	358
Tax on ordinary activities	(67)	—	(45)
Retained Profit/(loss) on ordinary activities after taxation	228	(98)	313
Basic earnings/(loss) per share	4.6p	(2.3p)	7.0p
Diluted earnings/(loss) per share	4.6p	(2.3p)	7.0p

CONSOLIDATED BALANCE SHEET

	(Unaudited) As at 30 September 2006 £000	*(Unaudited) As at 30 September 2005 £000*	*(Audited) As at 31 March 2006 £000*
FIXED ASSETS			
Intangible assets	3,704	2,689	3,510
Tangible assets	328	120	1,280
	4,032	2,809	4,790
CURRENT ASSETS			
Stock and work in progress	1,384	500	697
Debtors	2,031	776	1,269
Cash at bank and in hand	81	100	501
	3,496	1,376	2,467
CREDITORS: amounts falling due within one year	(2,418)	(801)	(1,786)
NET CURRENT ASSETS	1,078	575	681
TOTAL ASSETS LESS CURRENT LIABILITIES	5,110	3,384	5,471
CREDITORS:			
amounts falling due after more than one year	(954)	(520)	(1,443)
Pension Liability	(62)	—	(62)
NET ASSETS	4,094	2,864	3,966
CAPITAL AND RESERVES			
Called up share capital	1,243	1,050	1,243
Share premium account	2,346	1,872	2,346
Retained Profit	278	40	40
Profit and loss account	227	(98)	337
SHAREHOLDERS' FUNDS	4,094	2,864	3,966

CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited) Six Months Ended 30 September 2006 £000	*(Unaudited) Six Months Ended 30 September 2005 £000*	*(Audited) Year Ended 31 March 2006 £000*
Net cash (outflow)/inflow from operating activities	(167)	89	774
Returns on investment and servicing of finance			
Interest received	3	3	8
Interest paid	(77)	(31)	(92)
New Loans issue costs	(14)	—	(18)
	(88)	(28)	(102)
Taxation			
Corporation tax paid	—	—	(4)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(40)	(16)	(73)
Sale of tangible fixed assets	1,300	—	—
	1,260	(16)	(73)
Acquisitions and disposals			
Purchase of subsidiary undertakings	—	—	(2,168)
Purchase of trade and assets	(941)	—	—
Net cash acquired with subsidiaries	—	—	262
	(941)	—	(1,906)
Equity dividends paid	(99)	—	—
Net cash (outflow)/inflow before management of liquid resources and financing	(35)	45	(1,311)
Financing			
Placing Costs	—	—	(27)
Share Issue	—	—	694
New long term loan	700	—	1,250
Long term loan repayments	(1,085)	(120)	(280)
Net cash (outflow) from financing	(385)	(120)	1,637
Increase/(decrease) in cash for the period	(420)	(75)	326

NET CASH FLOW FROM OPERATING ACTIVITIES

	(Unaudited) Six Months Ended 30 September 2006 £000	*(Unaudited) Six Months Ended 30 September 2005 £000*	*(Audited) Year Ended 31 March 2006 £000*
Operating profit/(loss)	388	(66)	411
Depreciation	60	25	72
Goodwill amortisation	99	74	164
Loan cost amortisation	—	4	—
Profit on sale of tangible fixed assets	(209)	—	—
Decrease/(increase) in stock	(216)	6	86
Decrease/(increase) in debtors	(688)	138	(226)
(Decrease)/increase in creditors	399	(92)	267
Net cash inflow from operating activities	(167)	89	774

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	(Unaudited) Six Months Ended 30 September 2006 £000	*(Unaudited) Six Months Ended 30 September 2005 £000*	*(Audited) Year Ended 31 March 2006 £000*
Increase/(decrease) in cash in the period	(420)	(75)	326
Cash inflow from increase in loans	(700)	—	(1,250)
Repayment of new long term loans	1,085	120	280
Issue costs of long term loans	14	—	18
Amortisation of new loans issue costs	(19)	(4)	(10)
Movement in net debt in the period	(40)	41	(636)
Net debt brought forward	(1,329)	(693)	(693)
Net debt carried forward	(1,369)	(652)	(1,329)

ANALYSIS OF CHANGES IN NET DEBT

Consolidated Cash flow 2006	*As at 1 April 2006 £000*	*Cash Flow £000*	*Other Non-Cash Movements £000*	*As at 30 September 2006 £000*
Cash at bank and in hand	501	(420)	—	81
Bank Overdrafts	—	—	—	—
Cash	501	(420)	—	81
Loans	(1,830)	385	(5)	(1,450)
	(1,329)	(35)	(5)	(1,369)

NOTES TO THE UNAUDITED INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

1. BASIS OF PREPARATION OF INTERIM ACCOUNTS

The accounts for the Group for the six months ended 30 September 2006, which are unaudited, have been prepared on the basis of the accounting policies set out in the 2006 Annual Report and Accounts and have taken into account any regulatory changes expected to alter the 2007 Annual Report and Accounts.

The Group is required to adopt FRS 20, Share-based Payment for the year ended 31 March 2007. Under the transitional provisions contained within the Standard, all share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to "other reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

The Directors have evaluated the accounting entries required under FRS 20, and have concluded that these are not material. No adjustment has therefore been reflected in the interim accounts.

2. EARNINGS PER SHARE

	(Unaudited) Six Months Ended 30 September 2006 £000	*(Unaudited) Six Months Ended 30 September 2005 £000*	*(Audited) Year Ended 31 March 2006 £000*
Profit/(loss) after taxation	228	(98)	313
Adjustments			
Goodwill amortisation	99	74	164
Adjusted profit/(loss)	327	(24)	477
	Number	*Number*	*Number*
Basic weighted average number of shares	4,971,112	4,200,000	4,496,582
Dilutive potential ordinary shares:			
Share options	—	—	—
Warrants	—	—	—
	4,971,112	4,200,000	4,496,582
Basic earnings/(loss) per share			
Based on profit/(loss) after taxation	4.6p	(2.3p)	7.0p
Loss per share on goodwill	2.0p	1.7p	3.6p
Adjusted earnings/(loss) per share	6.6p	(0.6p)	10.6p
Diluted earnings/(loss) per share			
Diluted basic earnings/(loss) per share	4.6p	(2.3p)	7.0p
Diluted loss per share on goodwill	2.0p	1.7p	3.6p
Diluted adjusted earnings/(loss) per share	6.6p	(0.6p)	10.6p

3. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on statutory accounts for the financial period ended 31 March 2006. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

INDEPENDENT REVIEW REPORT TO ASFARE GROUP PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2006 which comprises the balance sheet, profit and loss account, cash flow statement and the related notes 1 to 3. 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. Our responsibilities do not extend to any other information.

This report is made solely to the company's members, as a body, in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim report including the financial information contained therein is the responsibility of, and has been approved by, the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of Interim Financial Information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

GRANT THORNTON UK LLP

REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Portsmouth
28 November 2006"

Section B

The Directors of the Company are responsible for preparing the following historical financial information on the basis set out in note 1 to this Section B of Part III for the purposes of complying with the requirements of Annex I item 20.1 in Appendix 3 of the Prospectus Rules, as applied by Schedule Two paragraph (a) of the AIM Rules, solely for the purpose of this AIM Admission Document. The following pages include an extract from the statutory audited financial statements of Asfare for the period ended 31 March 2004, and the years ended 31 March 2005 and 31 March 2006.

Set out below is the financial information for the period ended 31 March 2004, and the years ended 31 March 2005 and 31 March 2006, extracted from the published audited accounts of Asfare without material adjustment:

GROUP CONSOLIDATED PROFIT & LOSS STATEMENT

	Note	*Year Ended 31 March 2006 £000*	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Turnover					
Continuing operations		4,092	3,925	4,389	1,334
Acquisitions		813	—	—	—
Group Turnover	2	4,905	3,925	4,389	1,334
Cost of sales		(2,069)	(1,847)	(2,012)	(629)
Gross profit		2,836	2,078	2,377	705
Administrative expenses		(2,380)	(1,888)	(2,737)	(1,620)
Operating profit before goodwill amortisation, curtailment gain & exceptional costs		574	338	781	136
Curtailment gain	27	141	—	—	—
Goodwill amortisation	12	(259)	(148)	(77)	(36)
Exceptional costs	29	—	—	(1,064)	(1,015)
Operating Profit/(Loss)					
Continuing operations		346	190	(360)	(915)
Acquisitions	3	110	—	—	—
Group operating profit/(loss)		456	190	(360)	(915)
Interest receivable	6	8	3	5	1
Interest payable and similar charges	7	(106)	(84)	(46)	(22)
Profit/(loss) on ordinary activities before taxation	4	358	109	(401)	(936)
Tax on ordinary activities	10	(45)	10	(165)	(1)
Profit/(loss) for the financial year		313	119	(566)	(937)
Earnings/(loss) per share	11				
Basic earnings/(loss) per share		7.0p	2.8p	(13.5p)	(22.3p)
Diluted earnings per share					
Diluted basic earnings per share	11	7.0p	2.8p	—	—

All operations are classed as continuing.

GROUP CONSOLIDATED BALANCE SHEET STATEMENT

	Note	2006 At 31 March £000	2005 At 31 March £000	2004 At 31 March £000
FIXED ASSETS				
Intangible assets	12	3,510	2,762	2,910
Tangible assets	14	1,280	131	156
		4,790	2,893	3,066
CURRENT ASSETS				
Stock and work in progress	16	697	506	635
Debtors	17	1,269	914	830
Cash at bank and in hand		501	175	67
		2,467	1,595	1,532
CREDITORS: amounts falling due within one year	18	(1,786)	(889)	(845)
NET CURRENT ASSETS		681	706	687
TOTAL ASSETS LESS CURRENT LIABILITIES		5,471	3,599	3,753
CREDITORS: amounts falling due after more than one year	19	(1,443)	(637)	(868)
NET ASSETS EXCLUDING PENSION LIABILITY		4,028	2,962	2,885
Pension Liability	27	(62)	—	—
NET ASSETS		3,966	2,962	2,885
CAPITAL AND RESERVES				
Called up share capital	20	1,243	1,050	1,050
Share premium account	21	2,346	1,872	1,872
Profit and loss account	21	377	40	(37)
EQUITY SHAREHOLDERS' FUNDS	22	3,966	2,962	2,885

COMPANY BALANCE SHEET

	Note	2006 At 31 March £000	2005 At 31 March £000	2004 At 31 March £000
FIXED ASSETS				
Investments	13	2,168	—	—
		2,168	—	—
CURRENT ASSETS				
Debtors	17	3,778	3,903	4,443
		3,778	3,903	4,443
CREDITORS: amounts falling due within one year	18	(475)	(334)	(942)
NET CURRENT ASSETS		3,303	3,569	3,501
TOTAL ASSETS LESS CURRENT LIABILITIES		5,471	3,569	3,501
CREDITORS: amounts falling due after more than one year	19	(1,443)	(637)	(868)
NET ASSETS		4,028	2,932	2,633
CAPITAL AND RESERVES				
Called up share capital	20	1,243	1,050	1,050
Share premium account	21	2,346	1,872	1,872
Profit and loss account	21	439	10	(289)
EQUITY SHAREHOLDERS' FUNDS	22	4,028	2,932	2,633

CONSOLIDATED CASH FLOW STATEMENT

	Note	*Year Ended 31 March 2006 £000*	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Net cash inflow from operating activities	23	774	487	530	133
Returns on investment and servicing of finance					
Interest received		8	3	5	1
Interest paid		(92)	(74)	(47)	(22)
New loans issue costs		(18)	—	(44)	(44)
		(102)	(71)	(86)	(65)
Taxation					
Corporation tax paid		(4)	(2)	(319)	(76)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(73)	(30)	(113)	(4)
Sale of tangible fixed assets			7	3	—
		(73)	(23)	(110)	(4)
Acquisitions and disposals					
Purchase of subsidiary undertakings		(2,168)	—	(3,873)	(3,873)
Net cash acquired with subsidiaries		262	—	—	439
		(1,906)	—	(3,873)	(3,434)
Equity dividends paid		—	(42)	—	—
Net cash (outflow)/inflow before financing		(1,311)	349	(3,858)	(3,446)
Financing					
Placing/issue costs		(27)	—	(378)	(378)
Share issue		694	—	3,300	3,300
New long-term loan		1,250	—	1,200	1,200
Long-term loan repayments		(280)	(240)	(724)	(610)
Net cash inflow/(outflow) from financing		1,637	(240)	3,398	3,512
Increase/(decrease) in cash for the year	24	326	109	(460)	66

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	*Year Ended 31 March 2006 £000*	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation 31 March 2004 £000*
Profit/(Loss) for the financial year		313	119	(566)	(937)
Actuarial gain on the pension scheme	27	34	—	—	—
Deferred tax adjustment on pension deficit		(10)	—	—	—
Total recognised gains and (losses) in the year		337	119	(566)	(937)

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The accounts cover the period ended 31 March 2004, and the years ended 31 March 2005 and 31 March 2006.

In order to enable useful comparison of the Group's performance proforma information has been included in this Annual Report for the year ended 31 March 2004. The proforma results for the year ended 31 March 2004 represent the actual consolidated results of the Group from the date of incorporation of the Company plus the results of Speed 5019 Limited and its subsidiaries from 1 April 2003 until its acquisition by the Company on 12 December 2003.

In preparing the financial statements for the year ended 31 March 2006, the group adopted the following Financial Reporting Standards:

– the presentation requirements of FRS 25 Financial Instruments: Disclosure and Presentation

  This Standard requires financial instruments to be presented in accordance with their substance. Therefore shares, which previously were always presented as part of shareholders' funds regardless of the substance of the instrument, may now be presented as a liability when in substance that share is equivalent to a liability. There have been no adjustments to the financial statements of the company on adoption of this standard.

– FRS 21: Events after the balance sheet date

  The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. Previously where these equity dividends were proposed after the balance sheet date but before authorisation of the financial statements they were recorded as liabilities at the balance sheet date. As a consequence of this the proposed dividends referred to in the Chairman's statement of 2.0 pence per share have not been recorded as a liability in the balance sheet. No corresponding adjustment has been required to the comparative balances since the interim dividend for the year ended 31 March 2005 was paid before the balance sheet date.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to period ended 31 March 2004, and the years ended 31 March 2005 and 31 March 2006. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Profit and Loss Account from the date of acquisition up to the date of disposal.

Under Section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of separable net assets acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful economic life. This is estimated at 20 years.

Turnover and recognition of revenue

Turnover represents net goods and services invoiced to customers during the year, less returns, and excluding Value Added Tax. Where invoices are raised in advance of goods being supplied the income is deferred until the goods are made available to the customer.

Tangible fixed assets and depreciation

Depreciation is provided on a straight line basis at the following annual rates which are relative to their estimated useful lives:

Freehold property	–	2%
Short-term leasehold properties	–	Over the term of the lease
Computer equipment	–	33%
Office equipment	–	15%
Plant and equipment	–	15-25%
Vehicles	–	25%

Stocks

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of products manufactured consists of direct materials and labour costs, together with the relevant production overheads. Cost is calculated using the first-in, first-out method.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

Leased assets

Payments under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Pension schemes

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period. The company accounts for its contributions to the group pension scheme as a defined contribution scheme.

Defined Benefit Pension Scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Retirement benefits other than pensions are accounted for in the same way.

Financial instruments

The Group uses financial instruments other than derivatives, comprising cash, liquid resources and various items such as debtors, creditors and other items that arise from its operations. Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest receivable and payable is accrued and credited or charged to the profit and loss account in the period to which it relates.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the closing rate on the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

2. ANALYSIS OF TURNOVER

By Division

	Period Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
AS Fire & Rescue Equipment[1]	4,092	3,925	4,389	1,334
Todd Research (from 11/11/05)[2]	813	—	—	—
Total	4,905	3,925	4,389	1,334

There were two classes of business for the year:

(1) Manufacture of ladders, gantries and ancillary equipment, sold under several brand names to emergency and rescue services.

(2) Manufacture of x-ray scanning equipment for post and baggage aimed at the mail room market.

By Geographical Market

	Year Ended 31 March 2006 £000	%	*Year Ended 31 March 2005 £000*	*%*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*%*	*Period from Incorporation to 31 March 2004 £000*	*%*
UK	4,159	85%	3,288	84%	3,742	85%	1,127	84%
Rest of World	746	15%	637	16%	647	15%	207	16%
	4,905	100%	3,925	100%	4,389	100%	1,334	100%

No further analysis by division or geographical segment has been provided as, in the opinion of the Directors, such disclosure would be seriously prejudicial to the commercial interests of the Group.

3. COST OF SALES AND OTHER OPERATING INCOME AND CHARGES

The amounts shown for continuing operations include the following in respect of acquisitions:

	2006 £000
Cost of sales	393
Other operating income and charges	
Administrative expenses	325
Other operating income	(15)
Operating profit	110

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Research and Development current year	21	21	27	10
Operating leases: land and buildings	133	138	120	31
Operating leases: plant and machinery	3	3	3	1
Amortisation of goodwill	164	148	77	36
Depreciation of tangible fixed assets	72	49	56	14
Profit on disposal of tangible fixed assets	—	1	3	—
Auditor remuneration – Audit fees	30	18	26	5
Auditor remuneration – Further assurance service*	—	34	10	—
Auditor remuneration – Tax compliance	4	2	7	7
Exceptional items	—	—	1,064	1,015

* The auditors were paid £55,416 in relation to services provided for the acquisition of Todd Research Limited, these costs were capitalised as part of the costs of acquisition.

5. PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT COMPANY

The profit/(loss) attributable to the parent company is £429,856 (2005: £298,341; 2004: (£1,188,509)).

6. INTEREST RECEIVABLE AND SIMILAR INCOME.

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Interest received	8	3	5	1

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Bank loan interest	92	75	43	19
Pension scheme net finance costs	4	—	—	—
Loan cost amortisation	10	9	3	3
	106	84	46	22

8. REMUNERATION OF DIRECTORS

	Year Ended 31 March 2006 £000	Year Ended 31 March 2005 £000	Proforma (Unaudited) Year Ended 31 March 2004 £000	Period from Incorporation to 31 March 2004 £000
Directors' emoluments including Non-Executive				
Directors' fees	333	225	216	77
Company contribution to pension scheme	38	21	12	2
UITF 17 charges	—	—	900	900
	371	246	1,128	979

The highest paid director earned £119,808 in 2006, £119,060 in 2005, and £326,830 in 2004, made up of salary in 2006 of £106,675, in 2005 of £111,736 and in 2004 of £23,296, benefits in kind in 2006 of £13,133, in 2005 of £7,324 and in 2004 of £4,284. In 2004 there was also a UITF charge of £299,250.

During each period one director participated in the defined contribution pension scheme.

9. STAFF NUMBERS AND COSTS

The average number of employees of the Group (including Executive and Non-Executive Directors) during the year analysed by category were as follows:

	Year Ended 31 March 2006 Number	Year Ended 31 March 2005 Number	Proforma (Unaudited) Year Ended 31 March 2004 Number	Period from Incorporation to 31 March 2004 Number
Manufacturing	42	35	37	37
Sales and marketing	5	3	3	3
Administration	27	14	10	13
	74	52	50	53

The aggregate payroll costs of these employees were as follows:

	£000	£000	£000	£000
Wages and salaries	1,457	1,185	1,067	345
Social security costs	147	116	111	31
Pension costs	149	82	68	20
UITF charges including social security costs	—	—	1,015	1,015
	1,753	1,383	2,261	1,411

10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Current tax				
Tax on profit for the year	—	—	154	—
Adjustment in respect of previous years	4	(10)	—	—
	4	(10)	154	—
Deferred tax				
Pension fund adjustment*	41	—	—	—
Adjustment in respect of previous years	—	—	11	1
	—	—	11	1
Taxation on profit on ordinary activities	45	(10)	165	1

* The pension fund deficit has reduced during the period causing a proportional corresponding reduction in the deferred tax asset of £41,000. A further £10,000 deferred tax charge in connection with the associated actuarial gains has been recognised in the statement of total recognised gains and losses.

The tax assessed for all periods is different to the standard rate of corporation tax in the UK (30 per cent). The differences are explained as follows:

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Profit on ordinary activities before tax	358	109	(401)	(936)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	107	32	(121)	(281)
Effect of:				
Expenses not deductible for tax purposes	45	56	25	13
Utilisation of tax losses	(154)	(36)	(101)	(90)
Capital allowances for the year in excess of depreciation	2	(52)	(5)	2
Expenses treated as management expenses	—	—	356	356
Adjustments to tax charge in respect of prior years	4	(10)	—	—
Current tax charge for the year	4	(10)	154	—

11. EARNINGS/(LOSS) PER SHARE

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Profit/(loss) after taxation	313	119	(566)	(937)
Adjustments:				
Goodwill amortisation*	164	148	77	36
Exceptional items	—	—	1,064	1,015
Taxation on exceptional items	—	—	(101)	(90)
Adjusted profit	477	267	474	24

	Number	*Number*	*Number*	*Number*
Basic weighted average number of shares				
Dilutive effect of ordinary shares:	4,496,582	4,200,000	4,200,000	4,200,000
Share options	—	22,057	—	—
Warrants	—	—	—	—
	4,496,582	4,222,057	4,200,000	4,200,000

	Year Ended 31 March 2006	*Year Ended 31 March 2005*	*Proforma (Unaudited) Year Ended 31 March 2004*	*Period from Incorporation to 31 March 2004*
Basic earnings/(loss) per share	7.0p	2.8p	(13.5p)	(22.3p)
Loss per share on goodwill amortisation	3.6p	3.5p	24.8p	22.9p
Adjusted earnings/(loss) per share	10.6p	6.3p	11.3p	0.6p
Diluted basic earnings per share	7.0p	2.8p	—	—
Diluted loss per share on goodwill amortisation	3.6p	3.5p	—	—
Diluted adjusted earnings per share	10.6p	6.3p	—	—

The dilutive effect of share options has been calculated in accordance with accounting standards. For this purpose the fair value of the shares has been taken as the average market price of the Group's shares for the year ended 31 March 2006 of 89.7p and for the year ended 31 March 2005 of 106.6p. The share warrants and share options are anti-dilutive in the year as their exercise price exceeds the fair value of the shares.

* The goodwill amortisation is normalised, it does not include the accelerated amortisation of goodwill of £95,000 which arose from a movement on the pension deficit resulting from the closure of the defined benefit scheme acquired in November 2005.

12. INTANGIBLE FIXED ASSETS

GROUP	*Note*	*Goodwill* *£000*
Cost		
On Acquisition of Speed 5019 Limited		2,946
At 31 March 2004 and 2005		2,946
Acquired Goodwill		
Todd Research Limited 11 November 2006	13	1,007
At 31 March 2006		3,953
Provision for amortisation		
On acquisition of Speed 5019 Limited		—
Charge for the year to 31 March 2004		36
At 31 March 2004		36
Charge for the year to 31 March 2005		148
At 31 March 2005		184
Accelerated amortisation*		95
Charge for the year to 31 March 2006		164
At 31 March 2006		443
Net book value		
At 31 March 2004		2,910
At 31 March 2005		2,762
At 31 March 2006		3,510

The Directors believe the benefits to be derived from having acquired Speed 5019 Limited in 2004 and Todd Research Limited in 2005 will continue for a period of not less than 20 years and accordingly the Directors are amortising goodwill over this period.

* The accelerated amortisation of goodwill adjusts the goodwill that arose through the acquisition of the defined benefit pension scheme fund deficit, this deficit was subsequently reduced by the closure of the scheme to the accrual of new benefits.

13. ACQUISITION OF TODD RESEARCH LIMITED

On the 11 November 2005 the Asfare Group plc acquired ordinary shares with a nominal value of £13,500 in Todd Research Limited, being 100% of its nominal share capital. The total consideration of £2,168,000 (including £256,000 of costs) was satisfied in cash and financed via the placing of 771,112 ordinary shares for £694,000, cash resources of £224,000 and the raising of £1,250,000 in debt. Goodwill arising on the acquisition of Todd Research Limited has been capitalised. The purchase of Todd Research Limited has been accounted for by the acquisition method of accounting.

The assets and liabilities of Todd Research Limited acquired were as follows:

	Book Value £000	*Revaluation £000*	*Accounting Policy £000*	*Other Adjustments £000*	*Fair Value £000*
Fixed Assets					
Tangible	596	605	(33)	(20)	1,148
Current Assets					
Stock	480	(68)	—	(135)	277
Debtors	129	—	—	—	129
Bank & Cash	262	—	—	—	262
Total Assets	1,467	537	(33)	(155)	1,816
Creditors					
Trade Creditors	355	—	—	30	385
Other Creditors	35	—	—	—	35
Accruals	8	—	—	—	8
Provisions	—	—	—	—	—
Pension	181	—	—	—	181
Taxation	46	—	—	—	46
Total Liabilities	625	—	—	30	655
Net assets excluding Pension Liability	1,023	537	(33)	(185)	1,342
Pension Liability	181	—	—	—	181
Net Assets	842	537	(33)	(185)	1,161
Purchased goodwill capitalised					1,007
					2,168
Satisfied by:					
Share placing					694
Loan Financing					1,250
Cash					224
Initial Consideration					2,168
Contingent Consideration					2,080
Total Potential Consideration					4,248

Included in the above table are accounting policy related adjustments on fixed assets of £33,000, these have been made to bring the Todd Research depreciation policy in line with the policy of the Group. The fixed assets have been reduced by £20,000 in relation to the disposal of assets and £135,000 of stock has been written down.

Fair value adjustments were made to the freehold property which was increased by £605,000 to the current market value, the stock was re-valued and reduced by £68,000 and the pension deficit of £181,000 (net of the associated deferred tax asset of £78,000) has been recognised.

The contingent consideration is broken into three elements:

i) A payment of £80,000 in cash on achievement by Todd of at least £1,700,000 of revenues in the current Todd financial year to 31 January 2006. This revenue target was not achieved.

ii) For the first 12 months following completion the vendors will receive, 75p for every £1 of sales above £2,250,000 subject to certain adjustments depending on the gross margin achieved. The total possible deferred consideration for the first 12 months will be capped at £1,000,000, with the consideration being satisfied by £750,000 in cash and £250,000 in shares valued at 90p.

iii) For the second 12 months following completion the vendors will receive, 75p for every £1 of sales above £2,600,000 subject to certain adjustments depending on the gross margin achieved. The total possible deferred consideration for the second 12 months will be capped at £1,000,000, with the consideration being satisfied by £750,000 in cash and £250,000 in shares valued at 90p.

The Board considers that the outcome of any contingent consideration becoming payable can not be reliably measured at this time and therefore no adjustment has been made in calculating the goodwill arising on the acquisition.

The profit after taxation of Todd Research for the period from 1 February 2005 to 10 November 2005 was £180,272. The profit after tax for the year ended 31 January 2005 was £84,020.

Further details on the profit of Todd Research are provided below:

	Period from 1 February 2005 to 10 November 2005
	£000
Turnover	1,288
Operating Profit	227
Tax	(77)
Profit for the Period	150

The table below summarises the recognised gains and losses for the period to the date of acquisition:

	Period from 1 February 2005 to 10 November 2005
	£000
Profit for the financial year	150
Actuarial loss on the defined benefit scheme	(83)
Total recognised gains and losses in the year	67

The subsidiary undertakings acquired during the year made the following contribution to and utilisation of, group cash flow.

	11 November 2005 to 31 March 2006
	£000
Net cash inflow from operating activities	210
Capital Expenditure	(24)
Financing	2
Increase in cash	188

Analysis of net inflow of cash in respect of the purchase of the subsidiary undertaking:

	2006
	£000
Cash at bank and in hand acquired	262
Bank Loans	1,250
Share placing proceeds	694
	2,206
Cash consideration	2,168
	38

14. TANGIBLE FIXED ASSETS

GROUP	*Leasehold Improvements £000*	*Computer Equipment £000*	*Office Equipment £000*	*Plant and Equipment £000*	*Vehicles £000*	*Total £000*
Cost						
On incorporation	—	—	—	—	—	—
Acquisitions	23	46	63	167	60	359
Additions	—	1	1	2	—	4
At 31 March 2004	23	47	64	169	60	363
Depreciation						
On incorporation	—	—	—	—	—	—
Acquisitions	6	22	27	94	44	193
Charge for the period	1	3	3	5	2	14
At 31 March	7	25	30	99	46	207
Net book value						
At 31 March 2004	**16**	**22**	**34**	**70**	**14**	**156**

GROUP	*Leasehold Improvements £000*	*Computer Equipment £000*	*Office Equipment £000*	*Plant and Equipment £000*	*Vehicles £000*	*Total £000*
Cost						
At 31 March 2004	23	47	64	169	60	363
Additions	—	1	2	18	9	30
Disposals	—	—	—	—	(35)	(35)
At 31 March 2005	23	48	66	187	34	358
Depreciation						
At 31 March 2004	7	25	30	99	46	207
Disposals	—	—	—	—	(29)	(29)
Charge for the year	2	10	9	21	7	49
At 31 March 2005	9	35	39	120	24	227
Net book value						
At 31 March 2004	16	22	34	70	14	156
At 31 March 2005	14	13	27	67	10	131

GROUP	*Freehold Land & Buildings £000*	*Leasehold Improvements £000*	*Plant and Machinery £000*	*Vehicles £000*	*Total £000*
Cost					
At 31 March 2005	—	23	301	34	358
Acquired (Todd)	1,120	—	10	26	1,156
Additions	—	—	73		73
Disposals	—	—	(17)	—	(17)
At 31 March 2006	1,120	23	367	60	1,570
Depreciation					
At 31 March 2005	—	9	194	24	227
Disposals	—	—	(9)	—	(9)
Charge for the year	9	2	45	16	72
At 31 March 2006	9	11	230	40	290
Net book value					
At 31 March 2005	—	14	107	10	131
At 31 March 2006	1,111	12	137	20	1,280

15. INVESTMENTS

The Group has investments in the following companies;

Name of company	*Holding*	*Proportion of voting rights held*	*Nature of business*
AS Fire & Rescue Equipment Limited	Ordinary shares	100%	Manufacturing
Speed 5019 Limited*	Ordinary shares	100%	Holding company
Fire Guns Limited*	Ordinary shares	100%	Dormant
Asfare No.1 Limited	Ordinary shares	100%	Dormant
Sacol Group 1990 Limited*	Ordinary shares	100%	Dormant
AS America Inc**	Common stock	100%	Royalty payments on shutter sales
AS Security BV***	Ordinary Shares	100%	Sales
Todd Research Limited****	Ordinary Shares	100%	Sales and Manufacturing

* Held by a subsidiary undertaking

** Incorporated in USA

*** Held by a subsidiary undertaking & incorporated in the Netherlands in February 2006

**** Acquired in November 2005

The Company holds an investment in AS Fire and Rescue Equipment Limited of £1 valued at cost and an investment in Todd Research Limited of £2,168,000.

16. STOCKS & WORK IN PROGRESS

GROUP	*2006 £000*	*2005 £000*	*2004 £000*
Work in progress	152	2	23
Raw materials and finished goods	545	504	612
	697	506	635

17. DEBTORS

	GROUP			COMPANY		
	2006	*2005*	*2004*	*2006*	*2005*	*2004*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Trade debtors	1,099	836	768	—	—	—
Amount owed by subsidiary undertakings	—	—	—	3,773	3,888	4,424
Other debtors	2	3	1	—	10	13
Prepayments and accrued income	168	75	61	5	5	6
	1,269	914	830	3,778	3,903	4,443

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP			COMPANY		
	2006	*2005*	*2004*	*2006*	*2005*	*2004*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Overdraft	—	—	1	—	—	1
Bank loans	387	231	231	387	231	231
Trade creditors	912	388	317	11	62	52
Amounts due to subsidiary undertakings	—	—	—	—	—	608
Social security and other taxes	209	156	159	(5)	—	—
Other creditors	—	2	19	—	—	—
Accruals	275	112	103	82	41	50
Corporation tax	3	—	15	—	—	—
	1,786	889	845	475	334	942

The overdraft and bank loan are secured by a fixed charge over all of the Company's assets.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP			COMPANY		
	2006	*2005*	*2004*	*2006*	*2005*	*2004*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Bank loan	1,443	637	868	1,443	637	868
	1,443	637	868	1,443	637	868
The amounts are repayable as follows:						
Amounts falling due:						
in one year or on demand	398	240	240	398	240	240
after one year and within two	398	240	240	398	240	240
after two years and within five	638	420	660	638	420	660
in more than five	437	—	—	437	—	—
	1,871	900	1,140	1,871	900	1,140
Less: Issue costs	(41)	(32)	(41)	(41)	(32)	(41)
	1,830	868	1,099	1,830	868	1,099
Included in creditors falling due within one year	(387)	(231)	(231)	(387)	(231)	(231)
	1,443	637	868	1,443	637	868

The overdraft and bank loan are secured by a fixed charge over all of the Company's assets.

20. SHARE CAPITAL

	Nominal Value	Authorised Number	Authorised £	Allotted Number	Allotted £
Balance at 31 March 2004 and 2005	Ordinary 25p	20,000,000	5,000,000	4,200,000	1,050,000
Share issue (Note 13)	Ordinary 25p	—	—	771,112	192,778
Balance at 31 March 2006	Ordinary 25p	20,000,000	5,000,000	4,971,112	1,242,778

Share Options

As at 31 March 2006 the following options had been granted and were still outstanding under the Company's Share Option plans:

	Date granted	Number of shares	Exercise price	Exercise dates From	Exercise dates To
Directors	11 December 2003	290,000	£1.00	11 December 2003	10 December 2013
Employees	11 December 2003	65,000	£1.00	11 December 2003	10 December 2013
Directors	20 June 2006	142,167	£0.90	20 June 2009	19 June 2016
Total		497,167			

Warrants

Following the admission to AIM on 12 December 2003 warrants were issued as follows:

Name	*Number of warrants*	*Percentage of Issued share capital on Admission*
David Chisnall	105,000	2.50%
Adrian Bradshaw	105,000	2.50%
Peter Mountford	105,000	2.50%
Tim Wightman	105,000	2.50%
Total	420,000	

Warrants have an exercise price of 125p and are exercisable from 12 December 2003 until 11 December 2008 at a ratio of one Ordinary share per warrant and remain outstanding at each of the period ends.

21. SHARE PREMIUM AND RESERVES

GROUP	*Share Premium Account* *£000*	*Profit and Loss Account* *£000*
On incorporation	**—**	**—**
Retained loss	—	(937)
Issue of shares	2,250	—
Share issue costs	(378)	—
Write back of costs for shares issued at discount	—	900
At 31 March 2004	**1,872**	**(37)**
Retained profit	—	77
At 31 March 2005	**1,872**	**40**
Actuarial net gain	—	24
Share premium arising on placing	474	—
Retained profit	—	313
At 31 March 2006	2,346	377
COMPANY		
On incorporation	**—**	**—**
Retained loss	—	(1,189)
Issue of shares	2,250	—
Share issue costs	(378)	—
Write back of costs for shares issued at discount	—	900
At 31 March 2004	1,872	(289)
Retained profit	—	299
At 31 March 2005	1,872	10
Share premium arising on placing	474	—
Retained profit	—	429
At 31 March 2006	2,346	439

22. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group *£000*	*Company* *£000*
Loss for the financial period	(937)	(1,189)
Write back UITF 17 charge for shares issued at a discount	900	900
	(37)	(289)
New share capital subscribed (net of issue costs)	2,922	2,922
Net addition to shareholders' funds	2,885	2,633
Shareholders' funds at incorporation	—	—
Equity shareholders' funds at 31 March 2004	2,885	2,633
Profit for the financial year	77	299
Equity shareholders' funds at 31 March 2005	2,962	2,932
Called up share capital	193	194
Share premium account	474	474
Actuarial net gain	24	—
Profit for the financial year	313	428
Equity shareholders' funds at 31 March 2006	3,966	4,028

23. NET CASHFLOW FROM OPERATING ACTIVITIES

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Operating profit/(loss)	411	190	(360)	(915)
Depreciation	72	49	57	14
Goodwill amortisation	164	148	77	36
Non cash adjustment to exceptional costs	—	—	900	900
Profit on sale of tangible fixed assets	—	(1)	(3)	—
Decrease in stock	86	129	20	79
Increase in debtors	(226)	(84)	(185)	(237)
Increase in creditors	267	56	24	256
Net cash inflow from operating activities	774	487	530	133

24. RECONCILIATION OF NET CASH FLOW TO NET MOVEMENT IN DEBT

	Year Ended 31 March 2006 £000	*Year Ended 31 March 2005 £000*	*Proforma (Unaudited) Year Ended 31 March 2004 £000*	*Period from Incorporation to 31 March 2004 £000*
Increase in cash in the year	326	109	(460)	66
Cash inflow from increase in loans	(1,250)	—	(1,200)	(1,200)
Repayment of long term loans	280	240	724	610
Issue costs of long term loans	18	—	44	44
Amortisation of loans issue costs	(10)	(9)	(3)	(3)
Debt acquired with subsidiaries	—	—	—	(550)
Movement in net debt in the year	(636)	340	(895)	(1,033)
Net debt brought forward	(693)	(1,033)	(138)	—
Net debt carried forward	(1,329)	(693)	(1,033)	(1,033)

25. ANALYSIS OF CHANGES IN NET DEBT

Consolidated Cash flow 2004

	At 17 November 2003 £000	*Cash Flow £000*	*Other non-cash movements £000*	*At 31 March 2004 £000*
Cash at bank and in hand	—	67	—	67
Bank overdrafts	—	(1)	—	(1)
Cash	—	66	—	66
Loans	—	(546)	(553)	(1,099)
	—	(480)	(553)	(1,033)

Proforma Cash flow 2004

	At 31 March 2003 £000	*Cash Flow £000*	*Other non-cash movements £000*	*At 31 March 2004 £000*
Cash at bank and in hand	526	(459)	—	67
Bank overdrafts	—	(1)	—	(1)
Cash	526	(460)	—	66
Loans	(664)	(435)	—	(1,099)
	(138)	(895)	—	(1,033)

Consolidated Cash flow 2005

	At 1 April 2004 £000	*Cash Flow £000*	*Other Non-Cash Movements £000*	*At 31 March 2005 £000*
Cash at bank and in hand	67	108	—	175
Bank overdrafts	(1)	1	—	—
Cash	66	109	—	175
Loans	(1,099)	240	(9)	(868)
	(1,033)	349	(9)	(693)

Consolidated Cash flow 2006

	At 1 April 2005 £000	*Cash Flow £000*	*Other Non-Cash Movements £000*	*At 31 March 2006 £000*
Cash at bank and in hand	175	326	—	501
Bank overdrafts	—	—	—	—
Cash	175	326	—	501
Loans	(868)	(972)	10	(1,830)
	(693)	(646)	10	(1,329)

26. OPERATING LEASE COMMITMENTS

At each of the period ends the Group had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings			*Others*		
GROUP	*2006 £000*	*2005 £000*	*2004 £000*	*2006 £000*	*2005 £000*	*2004 £000*
Operating leases which expire:						
Within one year	—	—	—	—	—	—
Within 2 to 5 years	—	—	—	—	3	3
In 5 years or more	162	140	125	—	—	—
	162	140	125	—	3	3

27. PENSION SCHEME

The Group operates two defined contribution pension schemes and a defined benefit scheme. The assets of the schemes are held separately to those of the Company. The total pension cost charge for the periods amounts to £149,000 in 2006, £82,058 in 2005 and £19,870 in 2004.

Defined Benefit Pension Scheme

Todd Research Limited (the Company) operates a defined benefit pension scheme for the benefit of certain of the employees. The assets of the scheme are administered by trustees in a fund independent from the assets of the Company. The Company also provides post-retirement benefits other than pensions to the employees.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out at 1 January 2004 and updated to 31 March 2006 by a qualified independent actuary.

Because the scheme is closed the age profile of the active membership of the scheme is rising significantly, the current service cost under the projected unit method will increase as the members of the scheme approach retirement.

The main assumptions used by the actuary were:

	31 March 2006
	%
Rate of increase in salaries	3.05
Rate of increase for pensions in payment	3.05
Discount rate	5.00
Inflation	3.05

The assets in the scheme and the expected long-term rate of return were:

	31 March 2006	
	Rate of Return	*Value*
	%	*£000*
Equities	6.20	336
Bonds	4.20	80
Property	6.20	11
Other	4.50	4
Total market value of assets		431
Present value of scheme liabilities		520
Deficit in the scheme		89
Related deferred tax liability		(27)
Net pension liability		62

The amount charged to operating profit was:

	31 March 2006
	£000
Current service cost, less employee contributions	16
Gains/losses on settlements and curtailments	(141)
Total operating charge	(125)

£141,000 of gains on settlements and curtailments is included in the operating profit. This arises as a result of the pension scheme being closed to future accrual on 31 March 2006.

Other finance costs/income comprises:

	31 March 2006
	£000
Expected return on pension scheme assets	(9)
Interest on pension scheme liabilities	13
	4

The amount recognised in the statement of total recognised gains and losses is:

	31 March 2006 *£000*
Changes in the assumptions underlying the present value of the scheme liabilities	34
	34

The movement in the deficit in the period was:

	31 March 2006 *£000*
Deficit in scheme at beginning of period	259
Current service cost	16
Contributions	(15)
Gains on settlements and curtailments	(141)
Other finance expense	4
Actuarial gain	(34)
Deficit in scheme at end of year	89

Additional contributions for £9,000 per year for 10 years have been agreed with the trustees.

Movement on the deferred tax

	11 November 2005 *£000*	*Movement In period* *£000*	*31 March 2006* *£000*
Pension fund deficit	259	(170)	89
Deferred tax (30%)	(78)	51	(27)
Net deficit	181	(119)	62

28. FINANCIAL INSTRUMENTS

The Group uses financial instruments, other than derivatives, comprising cash, liquid resources and various items such as debtors, creditors and other items that arise from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks from the Group's financial instruments are interest rate risk, liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarized below:

Interest rate risk

The Group finances its operations with cash resources and borrowings in specific situations when the cost is relatively low or beneficial to the Group. The interest rate risk on the bank loan is hedged by capping the rate payable to the bank for each of the periods.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The Group's principal currency risk exposures are to the effect of US $/£ Sterling exchange rates and Australian $/£ Sterling exchange rates due to its subsidiary in USA and a marketing agreement in Australia. The magnitude of this risk is regularly reviewed and the benefits of hedging instruments weighed against the cost.

With the exception of the currency exposure the disclosures below exclude short term debtors and creditors:

Interest rate risk profile of financial assets

The interest rate profile for the Group's financial assets at the period ends was:

	Floating rate financial assets 2006	*2005*	*2004*
	£000	*£000*	*£000*
Sterling	462	43	15
Australian dollar	25	110	37
American dollar	14	21	14
	501	174	66

The floating rate assets comprise of bank current accounts in their respective currencies.

Interest rate risk profile of financial liabilities

	Floating rate financial liabilities 2006	*2005*	*2004*
	£000	*£000*	*£000*
Sterling	1,871	900	1,140

The floating rate liabilities comprise of a bank loan and an overdraft facility. The bank loan bears interest at a rate based on LIBOR.

Currency Exposures

The table below shows the Group's currency exposures, those transactional (non-structural) exposures that give rise to the net currency gains and losses recognized in the profit and loss account. Such exposures comprise of monetary assets and monetary liabilities of the Group that are not denominated in the operating currency.

These currency exposures were as follows:

		US $ £000	*AUS $ £000*	*Total £000*
2006	Sterling	14	25	39
2005	Sterling	21	110	131
2004	Sterling	14	37	51

Maturity of Financial Liabilities

The maturity profile of the Group's financial liabilities at the period ends was as follows:

	2006 £000	*2005 £000*	*2004 £000*
In one year or less, or on demand	398	240	240
In more than one year but not more than two	398	240	240
In more than two years but not more than five	638	420	660
In more than five years	437	—	—
	1,871	900	1,140

Fair Value of Financial Assets and Financial Liabilities

The Directors believe that the fair values of the financial assets and liabilities are not materially different from their book values.

Hedges

The Group's policy is to hedge the interest rate on the bank loan. This is done by fixing the interest rate for a rolling three month period and capping the interest rate over three years. The net book value of this instrument at 31 March 2006 was £1,250 at 31 March 2005 was £3,000 and at 31 March 2004 £4,000, the fair value was not materially different from the net book value at 31 March 2006, 31 March 2005 or 31 March 2004. The charge of interest is written to the profit and loss as it occurs.

Borrowing Facilities

The Group has various borrowing facilities available to it. The undrawn committed facilities available at each period end in respect of which all conditions precedent had been met at the date are as follows:

	2006	*2005*	*2004*
	£000	*£000*	*£000*
Expiring in one year or less	350	350	349

29. EXCEPTIONAL COSTS

	Year Ended 31 March 2006	*Year Ended 31 March 2005*	*Proforma (Unaudited) Year Ended 31 March 2004*	*Period from Incorporation to 31 March 2004*
	£000	*£000*	*£000*	*£000*
UITF 17 charge for shares issued at a discount	—	—	(900)	(900)
Employers National Insurance on discounted shares	—	—	(115)	(115)
Cost of relocating factory and offices and AIM listing	—	—	(49)	—
	—	—	(1,064)	(1,015)

The UITF 17 charge in the year ended 31 March 2004 relates to 1,499,998 ordinary 25p shares allotted at 40p per share on 2 December 2003 to David Chisnall (498,750 shares), Tim Wightman* (498,749 shares) and Adrian Bradshaw** (502,499 shares).

Notes:

* Tim Wightman is interested in 125,000 of the Ordinary Shares set out against his name by reason of his wife's beneficial ownership of those shares.

** Adrian Bradshaw is interested in one half of the Ordinary Shares set out against his name, all of which are held by Bradmount acting as nominee for Adrian Bradshaw and Peter Mountford in equal shares.

30. RELATED PARTY TRANSACTIONS

Within the professional fees charged to the Group in the period ended 31 March 2004, £36,000 relate to Bradmount Investments Limited. of which Adrian Bradshaw is a director. The charge was for strategic consultancy regarding future acquisitions.

On 28 August 2004 David Chisnall acquired his company car on an arm's length basis for £7,500. The net book value of the car at the time of its sale was £6,324 and accordingly a profit on disposal of £1,176 was achieved.

Set out below is the full text of the independent auditors' report of Asfare for the year ended 31 March 2006:

"REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ASFARE GROUP PLC

We have audited the group and parent company financial statements (the "financial statements") of Asfare Group plc for the year ended 31 March 2006 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- and the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Portsmouth
24 May 2006"

Set out below is the full text of the independent auditors' report of Asfare for the year ended 31 March 2005:

"**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASFARE GROUP PLC**

We have audited the financial statements of Asfare Group plc for the year ended 31 March 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, consolidated cash flow statement and notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

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

Respective Responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the annual report including the corporate governance statement and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2005 and of the profit of the Group for the year ended 31 March 2005 and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Portsmouth
19 September 2005”

Set out below is the full text of the independent auditors' report of Asfare for the period ended 31 March 2004:

"**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASFARE GROUP PLC**

We have audited the financial statements of Asfare Group plc for the period ended 31 March 2004 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, consolidated cash flow statement and notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

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

Respective Responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the Directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the annual report including the corporate governance statement and consider whether it is consistent with the financial statements. This other information comprises only the Chairman's Statement, Directors' Report and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2004 and of the loss of the Group for the period from 17 November 2003 to 31 March 2004 and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Portsmouth
22 June 2004"

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Unaudited pro forma financial information

Set out below is an unaudited pro-forma statement of net assets of the Enlarged Group, which has been prepared for the purpose of illustrating the effects of the Proposals as if they had occured on 30 September 2006. This statement has been prepared on the basis set out in the notes below for illustrative purposes only. Due to its nature, the pro forma statement of net assets presents a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position.

Unaudited pro forma statement of net assets as at 30 September 2006

				Pro forma combination adjustments notes 4-6			
	Notes	*Note 2*	*Note 3*				
		Asfare	*AssetCo*	*AssetCo acquisition*	*Placing proceeds*	*Simentra acquisition*	*Proforma combined*
Fixed assets		*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Intangible assets	6	3,704	33,290	72,036	—	450	109,480
Tangible assets		328	45,509	—	—	—	45,837
		4,032	78,799	72,036	—	450	155,317
Current assets							
Stock and work in progress		1,384	3,010	—	—	—	4,394
Debtors		2,031	30,679	(207)	—	—	32,503
Cash at bank and in hand	7	81	875	(13,000)	17,642	(450)	5,148
		3,496	34,564	(13,207)	17,642	(450)	42,045
Creditors: amounts falling due within one year	8	(2,418)	(57,755)	15,207	2,358	—	(42,608)
Net current assets /(liabilities)		1,078	(23,191)	2,000	20,000	(450)	(563)
Total assets less current liabilities		5,110	55,608	74,036	20,000	—	154,754
Creditors: amounts falling due after more than one year		(954)	(49,193)	—	—	—	(50,147)
Provisions for liabilities and charges		(62)	(1,814)	—	—	—	(1,876)
Net assets		4,094	4,601	74,036	20,000	—	102,731

Notes

1. The pro forma statement of net assets does not constitute financial statements within the meaning of section 240 of the Act.
2. The financial information in respect of Asfare represents the balance sheet as at 30 September 2006, which has been extracted without material adjustment from the unaudited consolidated financial statements as at 30 September 2006, as set out in section A of Part III of this document. The financial information is stated in accordance with UK GAAP.
3. The financial information in respect of AssetCo represents the balance sheet as at 30 September 2006, which has been extracted without material adjustment from the audited consolidated non-statutory financial statements as at 30 September 2006, as set out in section A of Part II of this document. The financial information is stated in accordance with UK GAAP.
4. No account has been taken of any fair value adjustments which may arise on the acquisition of AssetCo. For the purposes of this pro forma net assets statement, the Company has attrributed the excess of the purchase price paid, over the net book value of AssetCo's net assets, entirely to goodwill. The Company has not apportioned the purchase price based on the fair values of AssetCo's tangible assets, liabilities assumed, intangible assets and goodwill. Acquisition fair value adjustments may result in material changes to the net assets of the Enlarged Group.
5. The pro forma net assets statement has been prepared on the basis that £10 million of the Acquisition consideration will be satisfied in cash, while the remaining £70.2 million of the Acquisition consideration will be satisfied by the issue of 48,434,483 Asfare shares at 145 pence per Asfare share. The costs related to the acquisition amount to £3.0 million.

6. Goodwill arising on the acquisition is calculated as follows:

	AssetCo acquisition	*Simentra acquisition*
Consideration	80,680	450
Acquisition costs to be settled in cash (see note 7 below)	3,000	—
Less: listing costs charged to share premium acccount	(2,043)	—
	81,637	450
Less: net assets of AssetCo acquired	(4,601)	—
Less: AssetCo deferred acquisition liability written back to goodwill at acquisition	(5,000)	—
Goodwill arising on acquisition	72,036	450

7. The cash adjustments reflected in the pro forma statement of net assets are calculated as follows:

	AssetCo acquisition	*Placing proceeds*
Placing proceeds	—	20,000
Acquisition costs to be settled in cash (see note 6 above)	(3,000)	—
Acquisition of AssetCo preference shares from Brook Henderson (see note 8 below)	(10,000)	—
Settlement of Asfare bank loan (see note 8 below)	—	(1,450)
Settlement of amounts owing to AssetCo directors (see note 8 below)	—	(908)
	(13,000)	17,642

8. The creditors due within one year adjustments reflected in the pro forma statement of net assets are calculated as follows:

	AssetCo acquisition	*Placing proceeds*
AssetCo deferred consideration liability written back to goodwill at acquisition (see note 7 above)	5,000	—
AssetCo preference shares acquired from Brook Henderson (see note 7 above)	10,000	—
Settlement of Asfare bank loan (see note 7 above)	—	1,450
Settlement of amounts owing to AssetCo directors (see note 7 above)	—	908
AssetCo/Asfare intercompany balance eliminations	207	—
	15,207	2,358

9. No account has been taken of trading or other transactions occuring since 30 September 2006.

Set out below is the text of a report on the pro forma statement of net assets of the Enlarged Group by Grant Thornton, the reporting accountants:

"The Directors and Proposed Directors (the "Directors")
Asfare Group plc
Commercial Road
Totton
SOUTHAMPTON
Hampshire
SO40 3AE

6 March 2007

Dear Sirs

ASFARE GROUP PLC (THE "COMPANY") AND ITS SUBSIDIARY UNDERTAKINGS (TOGETHER THE "ASFARE GROUP") AND ASSETCO GROUP LIMITED ("ASSETCO") AND ITS SUBSIDIARIES (TOGETHER THE "ASSETCO GROUP") (TOGETHER THE "ENLARGED GROUP")

We report on the pro forma statement of net assets of the Enlarged Group (the "Pro Forma Financial Information") set out in Part IV of the admission document dated 6 March 2007, which has been prepared on the basis described in notes 1 to 9, for illustrative purposes only, to provide information about how the reverse takeover might have affected the financial information presented on the basis of the accounting policies adopted by the Company as at 30 September 2006.

RESPONSIBILITIES

This report is required as agreed between us in writing and is given for the purpose of complying with that requirement and for no other purpose.

Save for any responsibility that we have expressly agreed in writing to assume and arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any persons as and to the extent provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies consenting to its inclusion in the admission document.

It is the responsibility of the Directors to prepare the Pro Forma Financial Information as though it had been prepared in accordance with paragraph 20.2 of Annex I of the Prospectus Regulations attached to the AIM Rules for Companies.

It is our responsibility to form an opinion as though it had been required by paragraph 7 of Annex II of the Prospectus Regulations attached to the AIM Rules for Companies as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

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 reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Enlarged Group.

OPINION

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Enlarged Group.

DECLARATION

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the admission document and declare that we have taken all reasonable care to ensure that the information contained in these reports 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 Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP"

PART V

Section A

PROFIT FORECAST FOR ASSETCO FOR THE YEAR ENDING 31 MARCH 2007

AssetCo profit forecast

Having made due and careful enquiry, the Directors and the Proposed Directors estimate that, on the basis of preparation set out below, turnover, EBITDA before transaction costs and the cost of share based payments and profit before taxation, amortisation, transaction costs and the cost of share based payments for AssetCo for the year ending 31 March 2007 will be approximately £95.4 million, £16.5 million and £5.1 million respectively (the "AssetCo Profit Forecast").

Basis of preparation

The AssetCo Profit Forecast is based on:

- the audited non-statutory financial statements of the AssetCo Group for the six months ended 30 September 2006;
- unaudited management accounts for the four months ended 31 January 2007; and
- the Directors' and the Proposed Directors' forecast for the two months ending 31 March 2007.

The AssetCo Profit Forecast has been prepared on a basis consistent with the accounting policies adopted by the AssetCo Group in its annual financial statements for the period ended 31 March 2006 and the six months ended 30 September 2006.

Principal assumptions

The AssetCo Profit Forecast has been prepared on the basis of the principal assumptions set out below:

- there will be no material disruption to the AssetCo Group's business arising from natural catastrophes, events of war, civil unrest or emergencies, industrial disputes or other actions by third parties;
- there will be no significant changes in the economic or political conditions in the markets in which the AssetCo Group operates;
- there will be no change in legislation, regulation or other policies or controls, which have a material effect on the AssetCo Group's business;
- there will be no material changes in rates of inflation, interest rates or exchange rates;
- there will be no significant disruption to the AssetCo Group's business as a result of this transaction;
- there will be no serious industrial disputes or other interruptions in the AssetCo Group's business arising from circumstances outside the AssetCo Group's control which would adversely affect the AssetCo Group, its customer or suppliers;
- there will be no significant or unexpected change in the buying patterns of the fire services industry;
- there will be no material disruption to the ongoing build programme by the Specialist Vehicle Design and Build business for the London Fire and Emergency Planning Authority;
- there will be no material disruption to ongoing change initiatives within the engineering business;
- there will be no material disruption to the ongoing wind-down of the fleet management business;
- there will be no significant change in the marginal contribution from the acquisition of FSE in December 2006; and
- no account has been taken of any professional advisory costs in relation to this transaction.

Letters relating to the AssetCo Profit Forecast

The Directors and the Proposed Directors, who are solely responsible for the AssetCo Profit Forecast, have received the following letters from Grant Thornton and Hoare Govett relating to the AssetCo Profit Forecast:

Set out below is the text of a report on the AssetCo Profit Forecast by Grant Thornton, the reporting accountants:

"The Directors and the Proposed Directors (the "Directors")
Asfare Group plc
Commercial Road
Totton
Southampton
Hampshire
SO40 3AE

6 March 2007

Dear Sirs

ASSETCO GROUP LIMITED ("ASSETCO") AND ITS SUBSIDIARIES (TOGETHER THE "ASSETCO GROUP")

We report on the profit forecast comprising forecast turnover, EBITDA before transaction costs and the cost of share based payments and profit before taxation, amortisation, transaction costs and the cost of share based payments of the AssetCo Group for the year ending 31 March 2007 (the "AssetCo Profit Forecast"). The AssetCo Profit Forecast, and the material assumptions upon which it is based, are set out in section A of Part V of the AIM admission document (the "Admission Document") issued by Asfare Group plc dated 6 March 2007. This report is required by guidance issued by the London Stock Exchange plc with respect to the AIM market and is given for the purpose of complying with that guidance issued by the London Stock Exchange plc and is also required by Rule 28.3(b) of the City Code on Takeovers and Mergers and is given for the purpose of that Rule and for no other purpose.

RESPONSIBILITIES

It is the responsibility of the Directors to prepare the AssetCo Profit Forecast in accordance with the requirements of the guidance issue by the London Stock Exchange plc with respect to the AIM market and in accordance with the requirements of the City Code on Takeovers and Mergers.

It is our responsibility to form an opinion as required by the guidance issued by the London Stock Exchange plc with respect to the AIM market and Rule 28.3(b) of the City Code on Takeovers and Mergers as to the proper compilation of the AssetCo Profit Forecast and to report that opinion to you.

BASIS OF PREPARATION OF THE ASSETCO PROFIT FORECAST

The AssetCo Profit Forecast has been prepared on the basis stated on page 197 of the Admission Document and is based on:

- the audited non-statutory financial statements of the AssetCo Group for the six months ended 30 September 2006;
- unaudited management accounts for the four months ended 31 January 2007; and
- the Directors' forecast for the two months ending 31 March 2007.

The AssetCo Profit Forecast is required to be presented on a basis consistent with the accounting policies of AssetCo.

BASIS OF OPINION

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the AssetCo Profit Forecast has been prepared and considering whether the AssetCo Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of AssetCo. Whilst the assumptions upon which the AssetCo Profit Forecast are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate whether any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the AssetCo Profit Forecast have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the AssetCo Profit Forecast has been properly compiled on the basis stated.

Since the AssetCo Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the AssetCo Profit Forecast and differences may be material.

OPINION

In our opinion, the AssetCo Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of AssetCo.

DECLARATION

For the purposes of paragraph (d)(iii) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with guidance issued by the London Stock Exchange plc with respect to the AIM market.

Yours faithfully

GRANT THORNTON UK LLP”

The Directors and the Proposed Directors (the "Directors")
Asfare Group plc
Commercial Road
Totton
Southampton
Hampshire
SO40 3AE

6 March 2007

Dear Sirs

AssetCo Group Limited (the "Company")

We refer to the statement by the Directors that "turnover, EBITDA before transaction costs and the cost of share based payments and profit before taxation, amortisation, transaction costs and the cost of share based payments for AssetCo for the year ending 31 March 2007 will be approximately £95.4 million, £16.5 million and £5.1 million respectively" (the "AssetCo Profit Forecast").

We have discussed the AssetCo Profit Forecast, together with the basis upon which it has been made, with the Directors and with Grant Thornton UK LLP, the reporting accountants. We have also considered the letter dated 6 March 2007 addressed to the Directors from Grant Thornton UK LLP regarding the basis of compilation and the accounting policies underlying the AssetCo Profit Forecast.

On the basis of these discussions, and having regard to that letter, we consider that the AssetCo Profit Forecast, for which the Directors are solely responsible, has been made after due and careful enquiry by the Company.

Yours faithfully for and on behalf of
Hoare Govett Limited

Sean Wegerhoff
Director, Corporate Finance

Section B

PROFIT FORECAST FOR ASFARE FOR THE YEAR ENDING 31 MARCH 2007

Asfare profit forecast

Having made due and careful enquiry, the Directors and the Proposed Directors estimate that, on the basis of preparation set out below, turnover, EBITDA before transaction costs and profit before taxation, amortisation and transaction costs for Asfare for the year ending 31 March 2007 will be approximately £8.9 million, £1.4 million and £1.1 million respectively (the "Asfare Profit Forecast").

Basis of preparation

The Asfare Profit Forecast is based on:

- the published unaudited interim financial statements of the Asfare for the six months ended 30 September 2006;
- unaudited management accounts for the four months ended 31 January 2007; and
- the Directors' and Proposed Directors' forecast for the two months ending 31 March 2007.

The Asfare Profit Forecast has been prepared on a basis consistent with the accounting policies adopted by the Asfare Group in its annual financial statements for the year ended 31 March 2006.

Principal assumptions

The Asfare Profit Forecast has been prepared on the basis of the principal assumptions set out below:

- there will be no material disruption to the Asfare Group's business arising from natural catastrophes, events of war, civil unrest or emergencies, industrial disputes or other actions by third parties;
- there will be no significant changes in the economic or political conditions in the markets in which the Asfare Group operates;
- there will be no change in legislation, regulation or other policies or controls, which have a material effect on the Asfare Group's business;
- there will be no material changes in rates of inflation, interest rates or exchange rates;
- there will be no significant disruption to the Asfare Group's business as a result of this transaction;
- there will be no serious industrial disputes or other interruptions in the Asfare Group's business arising from circumstances outside the Asfare Group's control which would adversely affect the Asfare Group, its customer or suppliers;
- there will be no significant or unexpected change in the buying patterns of the fire services industry;
- the pipeline of orders to be shipped up to 31 March 2007 wil remain broadly in line with current expectations; and
- no account has been taken of any professional advisory costs in relation to this transaction.

Letters relating to the Asfare Profit Forecast

The Directors and Proposed Directors, who are solely responsible for the Asfare Profit Forecast, have received the following letters from Grant Thornton and Hoare Govett relating to the Asfare Profit Forecast:

Set out below is the text of a report on the Asfare Profit Forecast by Grant Thornton, the reporting accountants:

"The Directors and the Proposed Directors (the "Directors")
Asfare Group plc
Commercial Road
Totton
Southampton
Hampshire
SO40 3AE

6 March 2007

Dear Sirs

ASFARE GROUP PLC (THE "COMPANY") AND ITS SUBSIDIARY UNDERTAKINGS (TOGETHER THE "ASFARE GROUP")

We report on the profit forecast comprising forecast turnover, EBITDA before transaction costs and profit before taxation, amortisation and transaction costs of the Asfare Group for the year ending 31 March 2007 (the "Asfare Profit Forecast"). The Asfare Profit Forecast, and the material assumptions upon which it is based, are set out on page 201 of the AIM admission document (the "Admission Document") issued by the Company dated 6 March 2007. This report is required by guidance issued by the London Stock Exchange plc with respect to the AIM market and is given for the purpose of complying with that guidance issued by the London Stock Exchange plc and is also required by Rule 28.3(b) of the City Code on Takeovers and Mergers and is given for the purpose of that Rule and for no other purpose.

RESPONSIBILITIES

It is the responsibility of the Directors to prepare the Asfare Profit Forecast in accordance with the requirements of the guidance issue by the London Stock Exchange plc with respect to the AIM market and in accordance with the requirements of the City Code on Takeovers and Mergers.

It is our responsibility to form an opinion as required by the guidance issued by the London Stock Exchange plc with respect to the AIM market and Rule 28.3(b) of the City Code on Takeovers and Mergers as to the proper compilation of the Asfare Profit Forecast and to report that opinion to you.

BASIS OF PREPARATION OF THE ASFARE PROFIT FORECAST

The Asfare Profit Forecast has been prepared on the basis stated on page 201 of the Admission Document and is based on:

- the published unaudited interim financial statements of the Asfare Group for the six months ended 30 September 2006;
- unaudited management accounts for the four months ended 31 January 2007; and
- the Directors' forecast for the two months ending 31 March 2007.

The Asfare Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Company.

BASIS OF OPINION

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Asfare Profit Forecast has been prepared and considering whether the Asfare Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Company. Whilst the assumptions upon which the Asfare Profit Forecast are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate whether any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Asfare Profit Forecast have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Asfare Profit Forecast has been properly compiled on the basis stated.

Since the Asfare Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Asfare Profit Forecast and differences may be material.

OPINION

In our opinion, the Asfare Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Company.

DECLARATION

For the purposes of paragraph (d)(iii) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with guidance issued by the London Stock Exchange plc with respect to the AIM market.

Yours faithfully

GRANT THORNTON UK LLP”

The Directors and the Proposed Directors (the "Directors")
Asfare Group plc
Commercial Road
Totton
Southampton
SO40 3AE

6 March 2007

Dear Sirs

Asfare Group plc (the "Company")

We refer to the statement by the Directors that "turnover, EBITDA before transaction costs and profit before taxation, amortisation and transaction costs for Asfare for the year ending 31 March 2007 will be approximately £8.9 million, £1.4 million and £1.1 million respectively" (the "Asfare Profit Forecast").

We have discussed the Asfare Profit Forecast, together with the basis upon which it has been made, with the Directors and with Grant Thornton UK LLP, the reporting accountants. We have also considered the letter dated 6 March 2007 addressed to the Directors from Grant Thornton UK LLP regarding the basis of compilation and the accounting policies underlying the Asfare Profit Forecast.

On the basis of these discussions, and having regard to that letter, we consider that the Asfare Profit Forecast, for which the Directors are solely responsible, has been made after due and careful enquiry by the Company.

Yours faithfully for and on behalf of
Hoare Govett Limited

Sean Wegerhoff
Director, Corporate Finance

PART VI

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The members of the Concert Party accept responsibility for the information contained in this document relating to the Concert Party and statements relating to themselves, the members of their immediate families and related trusts. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Directors and the Proposed Directors whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

2.1 The Company was incorporated on 17 November 2003 in England and Wales and registered under the Act as a public company limited by shares with registered number 4966347 and with the name Asfare No. 1 plc. On 2 December 2003, the Company changed its name to Asfare Group plc. On 2 December 2003, the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to section 117 of the Act.

2.2 The principal legislation under which the Company was formed and now operates is the Act and regulations made under the Act.

2.3 The registered office and head office of the Company is Commercial Road, Totton, Southampton, Hampshire SO40 3AE and the telephone number is +44 (0)23 8086 1966. The Company is domiciled in England.

2.4 The liability of the members of the Company is limited.

2.5 The Company's principal activity is that of a holding company.

3. SHARE CAPITAL

3.1 The Company was incorporated with an authorised share capital of £5,000,000 divided into 20,000,000 ordinary shares of 25 pence each of which two shares were issued nil paid to the subscribers to the Memorandum of Association of the Company. On 2 December 2003, the subscriber shares were transferred to Tim Wightman and Bradmount Investments Limited and 1,249,998 Ordinary Shares allotted to David Chisnall (as to 373,750), Tim Wightman (as to 373,749) and Bradmount Investments Limited (as to 502,499) in consideration of an undertaking to pay 40 pence per share in cash on the date on which the Company's shares were originally admitted to trading on AIM.

3.2 There have been the following changes in the Company share capital since incorporation:

3.2.1 on 5 December 2003, an aggregate of 2,950,000 Ordinary Shares were issued. 2,400,000 Ordinary Shares were allotted at a placing price of 100 pence per share, a further 300,000 Ordinary Shares were allotted to the sellers of Speed 5019 Limited and persons connected with them at 100 pence per share and a further 250,000 Ordinary Shares to D Chisnall and Mrs T R Wightman at 40 pence per share; and

3.2.2 on 11 November 2005, an aggregate of 771,112 Ordinary Shares were issued in a placing at a price of 90 pence per share.

3.3 At an extraordinary general meeting of the Company held on 5 December 2003, resolutions were passed:

3.3.1 to authorise the Directors to allot relevant securities (as defined in section 80 of the Act) in the Company up to an aggregate nominal amount of £1,638,000, such authority to expire on 4 December 2008; and

3.3.2 to empower the Directors to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment, such power limited to (a) in relation to rights issues and other pre-emptive issues in favour of ordinary shareholders; and (b) otherwise up to an aggregate nominal amount of £52,500 such power to expire 4 December 2008.

3.4 At an extraordinary general meeting of the Company held on 25 October 2005, an ordinary resolution was passed to authorise the Directors to allot relevant securities (as defined in section 80 of the Act) in the Company up to an aggregate nominal amount of £468,750. This authority was in addition to the authority referred to in paragraph 3.3.1 above and expired on 24 October 2006.

3.5 As at the date of this document, and following Admission, the Company's authorised and issued share capital is, and will be, as follows:

	Existing		*Following Admission*	
	Nominal value (£)	*Number of Ordinary Shares*	*Nominal value (£)*	*Number of Ordinary Shares*
Authorised	5,000,000	20,000,000	23,750,000	95,000,000
Issued and fully paid	1,242,778	4,971,112	16,799,674.75	67,198,699

3.6 Save in connection with the Placing and the Acquisition and as disclosed in paragraphs 5 and 7 below, no share or loan capital of any member of the Group is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

3.7 The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of allotments of equity securities which are, or are to be, paid up in cash) apply to the balance of the authorised but unissued share capital except to the extent disapplied by special resolution of the Company as referred to in paragraph 3.3 above.

3.8 Save as disclosed in paragraphs 5 and 7, there are no acquisition rights or obligations over authorised but unissued share capital of the Company and there is no undertaking to increase the share capital.

3.9 Save in respect of the Placing and the Acquisition, none of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

4.1 *Memorandum of Association*

The principal object of the Company is to carry on business as a general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association of the Company which is available for inspection at the Company's registered office.

4.2 *Articles of Association*

The Articles contain, inter alia, provisions to the following effect:

4.2.1 Rights attaching to the shares

(a) *As to income*

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of members, and may fix the time for payment of such dividends but no dividend shall exceed the amount recommended by the directors. The Board may pay interim dividends (including any dividend payable at a fixed rate) if it appears to the Board that these payments are justified by the financial position of the Company.

Unless and to the extent that the rights attached to, or the terms of issue of, any share otherwise provide all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during and portion or portions of the period in respect of which the dividend is paid (provided that no amount paid on a share in advance of calls shall be treated as paid on that share).

Dividends may be declared or paid in any currency. The Board may agree with any member that dividends which may at any time or from time to time be declared or become due on his share in one currency shall be paid or satisfied in another and may agree the basis for conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

No dividend or other monies payable by the Company on or in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

The Board may deduct from any dividend or other monies payable to any member (either alone or jointly with another), on or in respect of a share all such sums (if any) presently payable by him (either alone or jointly with another), to the Company on account of calls or otherwise in relation to shares of the Company.

Any dividend which has remained unclaimed for a period of twelve years from the date it became due for payment is forfeited and ceases to remain owing by the Company.

The Board may, with the authority of an ordinary resolution of the Company, offer any 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 some part) of any dividend specified by the ordinary resolution (referred to as a scrip dividend) in accordance with article 117.

There are no dividend restrictions and procedures for non-resident holders.

Where a section 212 notice is served on a member, or another person appearing to be interested in shares held by a member and the member or other person has failed in relation to any shares ("default shares") to give the Company the information required within the prescribed period from the date of service of the notice and the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class then any dividend shall be retained by the Company without any liability to pay interest on it and the member is not entitled to elect to receive shares instead of a dividend.

(b) *As to capital*

On a winding up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of an extraordinary resolution and any other sanction required by law: (i) divide among the members in specie the whole or any part of the assets of the Company; and/or (ii) vest the whole or any part of the assets in trustees on trust for the benefit of members as the liquidator, with the like authority, shall think fit but so that no member shall be compelled to accept any assets in respect of which there is any liability.

(c) *As to voting*

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company, on a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him. A member present by proxy shall not be deemed to be present in person.

Any corporation which is a member of the Company may (by resolution of its board or other governing body) authorise any person to act as its representative at any meeting of the Company. A person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member including a power to vote on a show of hands or on a poll and to demand or concur in demanding a poll.

Unless the Board otherwise determines, a member shall not be entitled to vote at a general meeting either personally or by proxy or (if the member is a corporation) by authorised representative in respect of any share held by him or to exercise any other rights conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect that share remains unpaid.

Where a section 212 notice is served on a member, or another person appearing to be interested in shares held by a member and the member or other person has failed in relation to any shares ("default shares") to give the Company the information required within the prescribed period from the date of service of the notice and the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class then the member shall not be entitled to vote at any general meeting of the Company.

(d) *Variation of rights*

Whenever the share capital of the Company is divided into different classes of shares, then subject to the provisions of the Act, all or any of the rights attached to any class of shares in the Company may be varied or abrogated in such manner as those rights may provide for, or (if no provision is made) either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the authority of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. The provisions of the Articles relating to general meetings of the Company apply, mutatis mutandis, to such meetings except that the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (but at an adjourned meeting any one holder of shares of the relevant class present in person shall be a quorum), any holder of shares of the class present in person may demand a poll and on a poll every such holder shall have one vote for every share of the class held by him.

(e) *Transfer of shares*

All transfers of certificated shares shall be effected by an instrument in writing in any usual or common form, or in any other form acceptable to the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The Board may in its absolute discretion and without assigning any reason for its decision, refuse to register any transfer of a certificated share which is not a fully paid share and any transfer of a share on which the Company has a lien (provided that in the case of any class of shares which is listed on the Official List of the UK Listing Authority the refusal does not prevent dealings in those shares from taking place on an open and proper basis).

Transfers of an uncertificated share shall be effected in accordance with the CREST Regulations.

In addition, the Board may, in its absolute discretion and without assigning any reason for its decision, decline to register the transfer of a certificated share unless the instrument of transfer:

(i) is in respect of only one class of share;

(ii) is duly stamped or adjudged or certified as not chargeable to stamp duty and is deposited at the registered office of the Company or at such other place as the Board may determine; and

(iii) (except where the shares are registered in the name of a market nominee and no certificate has been issued) is accompanied by the relevant share certificate and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the transfer is executed by some other person on his behalf, the authority of that person to sign).

The registration of transfers may be suspended and the register closed at such times and for such periods (not exceeding 30 days in any year) as the Board may from time to time determine and either generally or in respect of any class of shares, except that the registration of the transfer of any participating security may only be suspended as permitted by the Act and the CREST Regulations.

4.2.2 Changes in share capital

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares created pursuant to the Articles shall be subject to the provisions of the Act and of the Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise and shall be unclassified unless otherwise provided by the Articles, by the resolution creating the shares or by the terms of allotment of the shares.

The Company may by ordinary resolution:

(a) consolidate, or consolidate and then divide, all or any of its share capital into shares of larger amount than its existing shares;

(b) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its capital by the amount of the shares so cancelled;

(c) subdivide its shares or any of them into shares of smaller amounts than is fixed by the memorandum of association or the Articles (subject to the provisions of the Act).

Subject to the Act and the rights attached to any class of shares, the Company may purchase any of its own shares (including redeemable shares). If there are in issue any shares convertible into share capital of the Company of the class proposed to be purchased by the Company, then the Company shall not purchase, or enter into a contract to purchase such shares unless either the terms of issue of such convertible shares include provisions permitting the Company to purchase its own equity shares or providing for adjustment to the conversion terms upon purchase, or the purchase or the contract have first been approved by an extraordinary resolution passed at a separate meeting of the holders of such convertible shares.

Subject to the Act and any rights attached to any class of shares, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner.

4.2.3 Purchases of own shares

Subject to the Companies Act and regulations applicable to companies (the "Statutes"), the Company may purchase its own shares (including any redeemable shares) or enter into such agreement (contingent or otherwise) in relation to the purchase of its own shares on such terms and in such manner as may be permitted by the Statutes.

4.2.4 Borrowing powers

The Board may exercise all the powers of the Company to borrow money. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) remaining undischarged of all moneys borrowed by the Group does not at any time without the previous sanction of an ordinary resolution exceed a sum equal to two and a half times (2½) the aggregate of:

(a) the amount paid up on the allotted or issued share capital of the Company; and

(b) the amount standing to the credit of the consolidated capital and revenue reserves of the Group (including any share premium account and capital redemption reserve) plus or minus the credit or debit balance, as the case may be, of the consolidated profit and loss account all as shown in the then latest audited consolidated balance sheet of the Group, adjusted as specified in the Articles.

A resolution is being proposed at the EGM to increase this limit from two and a half times to four times the adjusted share capital and reserves set out above.

4.2.5 Directors

Unless and until otherwise determined by the Company by ordinary resolution the number of directors shall not be less than three nor more than 16.

The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the directors. A director so appointed shall hold office only until the dissolution of the annual general meeting following next after his appointment, unless he is reappointed during the meeting. A director so retiring shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

Each director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

The remuneration of a director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money or in whole or in part by participation in profits or otherwise as the directors may determine and may be in addition to or instead of a fee payable to him for his services as director pursuant to the Articles.

Any director who holds any executive office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity) or who serves on any committee or who acts as trustee of a retirement benefits scheme or employees' share scheme or who otherwise performs services which, in the opinion of the board are beyond the ordinary duties of a director may be paid such extra remuneration by way of salary, commission or otherwise as the board may determine.

The Company will pay to any director all proper and reasonable expenses incurred by him in attending and returning from meetings of the directors or of any committee or general meetings or otherwise in connection with the business of the Company or in the performance of his duties as a director.

The board shall have power to pay, provide or procure the grant of retirement, death or disability benefits, annuities or other allowances, emoluments, benefits or gratuities to any person who is or has been at any time director of, or in the employment or service of, the Company or of any other undertaking which is or was at some time:

(a) the parent undertaking of the Company; or

(b) a subsidiary undertaking of the Company or of such parent undertaking; or

(c) otherwise associated with the Company or any such parent or subsidiary undertaking;

or of the predecessors in business of the Company or of any such parent or subsidiary undertaking or associate and to the families and other relatives or dependants of any such person. For that purpose the board may establish and maintain or participate in or contribute to any trust, scheme, association, arrangement or fund or pay premiums.

Without prejudice to the requirements of the Statutes, a director who is in any way, directly or indirectly, interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the directors at which the question of entering into the contract, arrangement, transaction or proposal is first taken into consideration, if he knows his interest then exists, or, in any other case, at the next meeting of the directors after he knows that he is or has become interested.

Except as provided in the Articles, a director may not vote in respect of any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested, directly or indirectly otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. This prohibition does not apply to any resolution concerning any of the following matters namely:

(a) the giving to him of a 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;

(b) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility, in whole or in part, under a guarantee or indemnity or by the giving of security;

(c) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;

(d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise (relevant company) if he is not directly or indirectly the holder of or beneficially interested in one per cent or more of a class of equity share capital of the relevant company (any such interest being deemed for the purposes of this article to be, a material interest in all circumstances).

(e) a contract, for the benefit of employees of the Company which does not accord to any director as such any privilege or benefit not accorded to the employees to whom it relates; or

(f) a contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Any director may at any time by writing under this hand deposited at the registered office of the Company, or delivered at a meeting of the directors, appoint any person to be his alternate director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the directors or appointing another director as an alternate, shall have effect only upon and subject to being so approved. The appointment of an alternate director shall terminate on the happening of any event which if he were a director would cause him to vacate such office or if his appointor ceases to be a director.

An alternate director shall be entitled to attend and vote as a director at any meeting of the directors at which the director appointing him is not personally present and generally at such meeting to perform all functions of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of the Articles shall apply as if he were a director.

An alternate director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed an agent of or for the director appointing him. An alternate director may be interested in contracts, arrangements and other proposals with the Company, may be repaid expenses by the Company and shall be entitled to be indemnified by the Company to the same extent as if he were a director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

4.2.6 General meetings

At least 21 clear days' notice in writing of every annual general meeting and of every extraordinary general meeting at which it is proposed to pass a special resolution and at least 14 clear days' notice in writing of every other extraordinary general meeting shall be given, to such members as are, under the Articles, or the terms of issue of shares, entitled to receive such notices from the Company and to the directors and the auditors.

5. INFORMATION IN RELATION TO THE DIRECTORS AND THE PROPOSED DIRECTORS AND MAJOR SHAREHOLDERS

5.1 The interests of the Directors and the Proposed Directors (all of which are, unless otherwise stated, beneficial) in the issued share capital of the Company (in addition to the options and warrants detailed in paragraphs 5.2 and 5.3 below) as at the date of this document and immediately following Admission, are, and will be, as follows:

	Existing		Following Admission	
	Number of Ordinary Shares	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Tim Wightman	532,083*	10.7	532,083	0.8
David Chisnall	648,750	13.1	648,750	1.0
Tony O'Neill	11,111	0.2	11,111	0.0
Tim O'Connor	11,111	0.2	11,111	0.0
Adrian Bradshaw	267,917**	5.4	267,917	0.4
John Shannon	—	—	26,963,327	40.1
Frank Flynn	—	—	7,137,351	10.6

* This interest includes 158,333 Ordinary Shares held by his wife beneficially.

** This interest includes 16,667 Ordinary Shares held in the Bradmount SSAS pension scheme. In addition, Peter Mountford, who is a co-director and co-shareholder in Bradmount Investments Limited with Adrian Bradshaw, holds 251,250 Ordinary Shares.

5.2 The Directors and the Proposed Directors are interested in options over Ordinary Shares which remain outstanding as follows:

	Number of Ordinary Shares subject to options	*Exercise period*	*Exercise price (p)*
Tim Wightman	105,000	05/12/03-04/12/13	100
David Chisnall	80,000	05/12/03-04/12/13	100
Tony O'Neill	120,295	20/06/09-19/06/16	90
Tim O'Connor	21,872	20/06/09-19/06/16	90
Adrian Bradshaw	105,000***	05/12/03-04/12/13	100
John Shannon	—	—	—
Frank Flynn	—	—	—

*** This interest includes 52,500 options held by Peter Mountford on the same terms.

5.3 On 12 December 2003, pursuant to a warrant instrument dated 5 December 2003, the Company granted the Warrants as follows:

Name	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Tim Wightman	105,000	0.2
David Chisnall	105,000	0.2
Adrian Bradshaw	105,000	0.2
Peter Mountford*	105,000	0.2

* Peter Mountford is a director and shareholder in Bradmount Investments Limted, a company of which Adrian Bradshaw is also a director and shareholder.

The principal terms of the Warrants are as follows:

(a) *Exercise price*

The exercise price for the Warrants is 125 pence (subject to adjustment in certain limited circumstances).

(b) *Exercise and lapse of Warrants*

Subject to the restrictions on dealings in securities contained in the AIM Rules, the Warrants are exercisable at any time until 5 December 2008.

(c) *Variations in share capital*

On certain variations of the issued share capital of the Company, the Company's auditors may adjust the exercise price and the number of existing Warrants so as to maintain the cost of exercising the Warrants.

5.4 Save as set out in paragraphs 5.1 and 5.3 above, following the Placing no Director will, and no person connected with a Director is expected to, have any interest in the share capital of the Company or any of its subsidiaries.

5.5 The Companies Act requires a person who acquires or disposes of material voting rights over shares in the Company that is equal to or in excess of three per cent. of the nominal value of that share capital to disclose that information to the Company. As at 5 March 2007 (being the latest practicable date prior to publication of this document) in so far as is known to the Company, no person or persons, other than as set out below, are or will, immediately following Admission and completion of the Acquisition, have an interest in or voting rights over, directly or indirectly, in three per cent. or more of the capital of the Company.

Name	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Percentage of Enlarged Share Capital*
John Shannon	26,963,327	—	40.1
Frank Flynn	7,137,351	—	10.6
Schroders Investment Management Limited	4,350,000	—	6.5
J O Hambro	4,310,345	—	6.4
Denis Mellon	2,775,637	—	4.1
David Smith	2,775,637	—	4.1
Pelham Olive	2,428,682	—	3.6
David Chisnall	648,750	13.1	1.0
Singer & Friedlander Investment Management Limited	583,902	11.8	0.9
Tim Wightman	532,083	10.7	0.8
Unicorn Asset Management Limited	470,300	9.5	0.7
Barclays Stockbrokers Limited	436,828	8.8	0.7
Bluehone Investors LLP	340,000	6.8	0.5
Artemis Investment Management Limited	280,000	5.6	0.4
Adrian Bradshaw	267,917	5.4	0.4
Peter Mountford	251,250	5.1	0.4
Cavendish Asset Management Limited	150,000	3.0	0.2

5.6 The Company's major shareholders set out in paragraph 5.5 do not have different voting rights.

5.7 As at 5 March 2007 (being the latest practicable date prior to publication of this document) and save as disclosed in this paragraph 5, the Company is not aware of any person or persons who, directly or indirectly, owns or controls the Company. The Company, John Shannon and Frank Flynn have entered into the Controlling Shareholders Agreement as summarised in paragraph 14.1.4 of this Part VI.

5.8 No Director or member of a Director's family has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

5.9 Other than their directorships of Asfare Group companies, directorships and partnerships currently held by the Directors and Proposed Directors, and held over the five years preceding the date of this document are as follows:

Director	*Current directorships*	*Past directorships*
Tim Wightman	Elsiphyl Limited	Digica Group Holdings Limited
	European Innovation Manufacturing Centre Limited	Digica Group Limited
	Petards Datax Limited	Digica Limited
	Petards Group Plc	Digica (FMS) Limited
	Petards International Limited	Digica Group Finance Limited
	Petards Limited	G4 Limited
	Pentyre Limited	Old Holdings Limited
	PI Vision Limited	Old Finance Limited
	PMI International Limited	VHA Computers Limited
	Progenie Limited	
	Stratford upon Avon Town Trust	
	Taosam Limited	

Director	*Current directorships*	*Past directorships*
David Chisnall	—	—
Tony O'Neill		Guardrite Public Limited Company Initial Aviation Security Limited Initial Security Limited The British Security Industry Association Limited
Tim O'Connor	Meredell Limited	Tandberg Television Limited Tandberg Television Inc. Tandberg Television Limited (Hong Kong) Tandberg Television BVI
Adrian Bradshaw	Bradmount Corporate Finance Limited Bradmount Investments Limited Base Group plc Bradmount Holdings Limited Icon Management Solutions Limited Marishal Thompson Group Limited	Investment in Technology Limited Vine Cottages Limited Atlantic EC Limited Ultimate Sports Publications Limited Comprehensive Business Services plc Atlantic Global plc Business Control Solutions Group plc Base Rugby Management Limited Digital Sport Group plc
John Shannon	AssetCo Group Limited AssetCo Emergency Limited AssetCo Papworth Limited AssetCo SVO Limited AssetCo Vehicles Limited AssetCo Engineering Limited AssetCo Municipal Limited AssetCo Emergency (2) Limited AssetCo Managed Services Limited AssetCo Managed Services (ROI) Limited AssetCo (Ireland) Limited AssetCo Solutions Limited Graphic Traffic Limited AssetCo Management Limited AssetCo Servicecare Limited AssetCo Contracts Limited Irish Truck Rentals Limited Star Rentals Limited FSE Limited	Erin Leisure Limited Jaras Property Developments Limited

Director	*Current directorships*	*Past directorships*
Frank Flynn	AssetCo Group Limited AssetCo SVO Limited AssetCo Managed Services Limited AssetCo Managed Services (ROI) Limited AssetCo (Ireland) Limited AssetCo Vehicles Limited AssetCo Emergency Limited AssetCo Emergency 2 Limited AssetCo Engineering Limited AssetCo Municipal Limited AssetCo Papworth Limited	UP Holdings Limited Toughglass Limited Toughglass Holdings Limited Allied Waste Limited

5.10 Tim Wightman was appointed to the board of directors of G4 Limited on 23 June 1999. The company went into members' voluntary liquidation on 27 April 2004. There was no deficiency as regards creditors. He was also appointed as a director of both Old Holdings Limited and Old Finance Limited on 31 March 2002. These companies both went into members' voluntary liquidation on 13 September 2005. There was no deficiency as regards creditors. He was also appointed a director of VHA Computers Limited on 25 March 2003. The Company went into members' voluntary liquidation on 23 March 2005. There was no deficiency as regards creditors.

Adrian Bradshaw was appointed to the board of directors of Comprehensive Business Services plc on 25 March 1999 as a non-executive director. The company went into members' voluntary liquidation on 23 October 2002. Adrian Bradshaw resigned his position on 5 September 2002. There was no deficiency as regards creditors.

5.11 Save as disclosed in paragraph 5.10 above, none of the Directors or the Proposed Directors has:

5.11.1 any unspent convictions in relation to indictable offences;

5.11.2 had a bankruptcy order made against him or made an individual voluntary arrangement;

5.11.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement administration, been subject to a voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within twelve months after he ceased to be a director of that company;

5.11.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;

5.11.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership; or

5.11.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.12 Save for the amounts of £367,500 and £325,000 owing by AssetCo to John Shannon and Frank Flynn respectively (which will be repaid out of the proceeds of the Placing), there are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any Director or Proposed Director by the Company or any of its subsidiaries by AssetCo or any of its subsidiaries.

6. SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT OF THE DIRECTORS AND THE PROPOSED DIRECTORS

6.1 The Directors and the Proposed Directors have entered into service agreements or letters of appointment with the members of the Enlarged Group as follows:

6.1.1 John Shannon entered into a service agreement, conditional upon Admission, as Chief Executive Officer with the Company on 5 March 2007 terminable by either party on six months' written notice (or payment of salary in lieu of notice). He will receive a salary of £250,000 and a benefits allowance of 15 per cent. per annum.

6.1.2 Frank Flynn entered into a service agreement, conditional upon Admission, as Chief Financial Officer with the Company on 5 March 2007 terminable by either party on six months' written notice (or payment of salary in lieu of notice) He will receive a salary of £250,000 and a benefits allowance of 15 per cent. of his salary.

6.1.3 Tony O'Neill entered into a service agreement as Chief Executive with the Company on 23 August 2005 terminable by either party on twelve months' written notice (or payment of salary in lieu of notice). He receives a salary of £115,000 per annum, a benefits allowance of 20 per cent. of salary to cover the provision of benefits selected by him, 25 days paid holiday per annum and a bonus entitlement of up to 100 per cent. of salary.

6.1.4 Tim O'Connor entered into a service agreement as Finance Director with the Company on 23 August 2005 terminable by either party on six months' written notice (or payment of salary in lieu of notice). He receives a salary of £90,000 per annum, a benefits allowance of 20 per cent. of salary to cover the provision of benefits selected by him, 25 days paid holiday per annum and a bonus entitlement of up to 100 per cent. of salary.

6.1.5 Tim Wightman is engaged by the Company as a non-executive director on the terms of a letter of appointment dated 5 March 2007 for a period of two years and thereafter terminable on three months' notice by either party. He receives a fee of £55,000 per annum and is subject to confidentiality and conflicts of interest undertakings. This replaced a letter of appointment dated 8 December 2003 which was on substantially similar terms save for the annual fee payable was £26,000. In addition, Taosom Limited (a company controlled by Mr Wightman) has received a consultancy fee of £25,000 (plus VAT) in connection with the Acquisition.

6.1.6 Adrian Bradshaw is engaged by the Company as a non-executive director on the terms of a letter of appointment dated 5 March 2007 for a period of two years and thereafter terminable on three months' notice by either party. He receives a fee of £35,000 per annum and is subject to confidentiality and conflicts of interest undertakings. This replaced a letter of appointment dated 8 December 2003 which was on substantially similar terms save that the annual fee payable was £20,000. In addition to these fees, Bradmount Investments Limited is to be paid a consultancy fee of £40,000 (plus VAT) in connection with the Acquisition.

6.1.7 David Chisnall is engaged by the Company as a non-executive director on the terms of a letter of appointment dated 5 March 2007 for a period of two years and thereafter terminable on three months' notice by either party. He receives a fee of £22,000 per annum and is subject to confidentiality and conflicts of interest undertakings. This replaced a letter of appointment dated 8 December 2003 which was on substantially similar terms save that the annual fee payable was £20,000. David Chisnall has also entered into a consultancy agreement with the Company for the provision of such services as agreed with the Company (including client and product development) at a rate of £750 per day (excluding VAT) for an initial period to 31 December 2007 and thereafter terminable on three months' notice. This agreement replaces a consultancy agreement dated 1 April 2006 which was on substantially the same terms save the daily rate was £550 per day (excluding VAT).

6.2 Save as set out in paragraph 6.1 above, there are no existing or proposed service agreements between any of the Directors or the Proposed Directors and any member of the Enlarged Group and no such contract has been amended within six months prior to the date of this document.

6.3 The Company has entered into compromise agreements dated 5 March 2007 with each of Tony O'Neill and Tim O'Connor. These agreements are conditional upon Admission and provide that they will resign as directors of all companies in the Group on Admission.

In relation to Mr O'Neill, the Company has agreed to continue to pay his salary and benefits during his notice period of twelve months: in the event that he finds alternative employment during that period, the Company will pay him 50 per cent. of the amount of the salary and benefits for the remainder of the period. In addition, the Company will, in full and final settlement of any claims, pay Mr O'Neill an amount of £258,250 (less tax and national insurance) together with an amount to terminate the lease in respect of his car which will be returned to the Company and will pay Mr O'Neill's reasonable legal expenses. Mr O'Neill has agreed to provide certain services to the Company for a period of three months following Admission.

In relation to Mr O'Connor, the Company has agreed to pay his salary and benefits for six weeks following Admission during which Mr O'Connor will provide certain services to the Company. In addition, the Company will pay Mr O'Connor an amount of £160,000 (less tax and national insurance) in full and final settlement of any claims and will pay Mr O'Connor's reasonable legal expenses.

6.4 Other than payment of salary and benefits in lieu of notice, the service contracts and letters of appointment of the Directors and Proposed Directors do not provide for any commission or profit sharing arrangements or for compensation payable upon early termination of employment which is not set out in the contracts summarised in paragraphs 6.1 and 6.3 above.

6.5 The aggregate remuneration paid and benefits in kind granted to the Directors including amounts paid from all members of the Group during the year ended 31 March 2006 amounted to £371,000.

6.6 The aggregate amount payable and benefits in kind to be granted to the Directors under the arrangements in force at the date of this document during the financial year ending 31 March 2007 are estimated to amount to £478,000.

7. SHARE OPTION PLANS

The Company introduced a HMRC approved Enterprise Management Incentive Share Option Plan (the "Plan") on 11 December 2003 in order to allow selected employees to share in the success of the group and promote motivation and retention. The Plan offers the opportunity of providing tax efficient share options.

The Company also introduced an Unapproved Share Option Plan (the "Unapproved Plan") on 11 December 2003 to provide such incentives to the extent that the selected individuals cannot meet qualifying conditions for tax efficient options under the Plan.

The principal terms of the Plan are set out in the summary below and the Unapproved Plan is identical except where indicated.

The Company has granted options over Ordinary Shares under the Share Option Plans as follows:

Date of grant	*Number of Ordinary Shares under option*	*Exercise price (p)*	*Exercise dates*
5 December 2003	290,000	100	5/12/03 – 4/12/13
11 December 2003	65,000	100	11/12/03 – 10/12/13
20 June 2006	142,167*	90	20/06/09 – 19/06/16

* These options are being cancelled pursuant to the compromise agreements summarised in paragraph 6.3 above.

Immediately following Admission, the Company intends to grant options over an aggregate of 1,381,205 Ordinary Shares to certain employees of the AssetCo Group. These options will be exercisable between the third and tenth anniversaries of the date of grant and will have an exercise price equal to the Placing Price.

7.1 *Grants of options*

Options may be granted to eligible employees at the discretion of the Board. Options may only be granted during the period of 42 days following any of the following:

(i) the date of adoption of the plans by the Company;

(ii) the day following the announcement of yearly, half yearly or other period financial results of the Company.

In exceptional circumstances, options may be granted at other times.

7.2 *Eligibility*

All full-time employees and directors shall be eligible to participate in the Plan provided they do not have a material interest in the Company. An individual will have a material interest if they, individually or together with their associates, own 30 per cent. or more of the share capital.

Any employee or director of the Company shall be eligible to participate in the Unapproved Plan.

7.3 *Performance criteria*

The Board may impose performance conditions that will have to be satisfied before options may be exercised. The Board do not currently propose to impose any performance criteria on options granted.

7.4 *Exercise price*

The option exercise price is determined by the Board. Options to subscribe for shares must have an exercise price no lower than the nominal value of a share.

7.5 *Limit of participation*

A participant may not hold options under the Plan over shares with a market value in excess of £100,000 as at the date of grant.

There is no limit on the value of shares under option which may be held by any one individual under the Unapproved Plan.

7.6 *Total number of shares available*

In any ten year period no more than ten per cent. of the ordinary issued share capital of the Company from time to time may be allocated under the Plan or any other employee share option plan operated by the Company.

7.7 *Exercise of options*

Options shall be exercisable after a period specified by the Board at the date of grant. This will generally be a period of between one year or more and up to ten years from the date of grant. In the case of a takeover or statutory reconstruction the optionholder shall be able to exercise options within a period of 40 days of the date when the takeover or reconstruction is completed.

Optionholders may also be able to exchange their options under the Plan for options over the shares of the company making any takeover.

7.8 *Employees leaving the Group*

If an optionholder ceases to hold office or employment with any company in the group for whatever reason prior to the date of exercise all options will normally lapse immediately to the extent that they had not become exercisable by the date of such cessation, and to the extent that they had by then become exercisable, with effect from 40 days after such cessation, to the extent that they have not been exercised by the end of that period save that the Board shall have the discretion to permit individuals to retain their options on leaving. The Board has indicated that their discretion would only be exercised where an employee was a "good leaver", for example, in the event of retirement.

7.9 *Variation of share capital*

In the event of a variation of share capital the Board may adjust the number of shares under option and the exercise price to reflect such variation. This adjustment shall be subject to confirmation by the Auditors that such adjustment is fair and reasonable. Such adjustment may need to be agreed in advanced by HMRC.

No such HMRC agreement is required under the Unapproved Plan.

7.10 *Alteration of the Plan*

The Board may at any time alter or amend the provision of the Plan but, in general, no alteration shall be made without prior approval by ordinary resolution of the members of the Company in general meeting.

Any such alteration will not need to be so approved where the amendments are minor, to benefit the administration of the plan, to take account of a charge in legislation or to obtain or maintain favourable tax treatment.

7.11 *Pensions*

Benefits under the Share Option Plans will not be pensionable.

7.12 *Grantor of options*

The Board may decide to operate either the Plan or the Unapproved Plan by way of subscription options. As an alternative an employee benefit trust may be formed and the trustees requested to grant options over shares held or to be purchased by the trustees. In this event the trustees will not be permitted to acquire more than 10 per cent. of the issued share capital of the Company for use in the Share Option Plans.

8. THE TAKEOVER CODE

Details of the Concert Party and the Takeover Code are set out in paragraph 13 of Part I of this document.

8.1. *Definitions*

For the purposes of this paragraph 8:

(a) "arrangement" includes an indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

(b) reference to an "associate" is to:

(i) parent companies, subsidiaries and fellow subsidiaries and associated companies of AssetCo or the Company (as appropriate) and companies with which any such companies are associated;

(ii) the banks, financial and other professional advisers (including stockbrokers) to AssetCo or the Company (as appropriate) or any company referred to in paragraph 8.1(b)(i) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;

(iii) the directors of AssetCo or the directors of the Company (as appropriate) together in each case with members of their immediate families or related trusts or their connected persons or the directors of any company referred to in paragraph 8.1(b)(i) above;

(iv) the pension funds of AssetCo or the Company (as appropriate) or any company referred to in paragraph 8.1(b)(i) above;

(v) in relation to AssetCo or the Company, an investment company, unit trust or other person whose investments an associate (as otherwise defined in this sub-paragraph (b)) the Company respectively manages on a discretionary basis, in respect of the relevant investment accounts; and

(c) ownership or control of 20 per cent, or more of the equity share capital is regarded as the test of associated company status and "control" means a holding, or aggregate holdings, of shares carrying 30 per cent, or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding gives, or aggregate holdings give, de facto control;

(d) reference to a "bank" does not include a bank whose sole relationship with AssetCo or the Company (as appropriate) or any company referred to in paragraph 8.1(b)(i) above is the provision of normal commercial banking services or such activities in connection with the Acquisition as handling acceptances and other registration work;

(e) "relevant securities" means Ordinary Shares and securities convertible into, rights to subscribe for Ordinary Shares, options (including traded options) in respect of and derivatives referenced to, any of the foregoing; and

(f) "disclosure period" means the period commencing on 6 March 2006 (being the date twelve months prior to the publication of this document) and ending on 5 March 2007 (being the latest practicable date prior to the publication of this document).

(g) "acting in concert" has the same meaning as defined in the Code.

8.2. *Shareholdings in Ordinary Shares*

(a) As at the last day of the disclosure period, no members of the Concert Party held any interests in Ordinary Shares.

(b) Following completion of the Proposals, members of the Concert Party will hold up to 42,427,589 Ordinary Shares representing 63.2 per cent, of the then issued share capital of the Company. These shares will be held as follows:

Name	*Number of Ordinary Shares*	*Percentage of issued Enlarged Share Capital*
John Shannon	26,963,327	40.1
Frank Flynn	7,137,351	10.6
Denis Mellon	2,775,637	4.2
David Smith	2,775,637	4.2
Pelham Olive	2,428,682	3.6
Peter Lewin	346,955	0.5

(c) As at the last day of the disclosure period, no person advising the Company owned or controlled any relevant securities of the Company.

(d) As at the last day of the disclosure period, no person acting in concert with the Concert Party owned or controlled relevant securities of the Company.

8.3. *Dealings in Ordinary Shares*

(a) Other than the allotment of the Consideration Shares pursuant to the terms of the Acquisition Agreements referred to in paragraph 14.1.1 of this Part VI of this document and the dealings disclosed in paragraph 8.3(b) and (c) of this Part VI of this document, there have been no dealings for value in Ordinary Shares by the members of the Concert Party, the Directors and Proposed Directors, their respective immediate families and related trusts, persons acting in concert with the Company or persons with whom the Company or persons acting in concert with the Company have an arrangement that have taken place during the disclosure period.

(b) On 29 March 2006, John Shannon acquired 60,000 Ordinary Shares at 79 pence per Ordinary Share and sold those Ordinary Shares during the period from 7 August 2006 to 31 August 2006 at 80 pence per Ordinary Share.

(c) The dealings for value in Ordinary Shares by Seymour Pierce Limited, which was, prior to the date of this document, acting as nominated adviser to the Company, during the disclosure period were as follows:

Number of Ordinary Shares bought	*Date*	*Price paid per Ordinary Share bought (p)*
25,000	5 July 2006	88
25,000	5 July 2006	88
18,750	17 March 2006	77
5,625	17 March 2006	77
5,625	17 March 2006	77
4,687	23 June 2006	80
4,687	23 June 2006	80
15,626	23 June 2006	80
4,687	23 June 2006	80
15,626	23 June 2006	80
4,687	23 June 2006	80
31,250	27 June 2006	88
9,375	27 June 2006	88
9,375	27 June 2006	88
25,996	5 July 2006	88
15,000	1 August 2006	90

Number of Ordinary Shares bought	*Date*	*Price paid per Ordinary Share bought (p)*
15,625	20 September 2006	92.5
4,688	20 September 2006	92.5
4,687	20 September 2006	92.5
15,625	25 September 2006	101
4,688	25 September 2006	101
4,687	25 September 2006	101
50,000	9 October 2006	110
8,154	24 October 2006	105
40,000	31 October 2006	106
18,750	16 November 2006	140
5,625	16 November 2006	140
5,625	16 November 2006	140

8.4. *General*

(a) Save as disclosed in this paragraph 8, no members of the Concert Party nor any member of their immediate family or related trusts, nor any of their connected persons has any interest in, right to subscribe for or short position in and no person acting in concert with the members of the Concert Party has any interests, rights to subscribe to or short positions or owns or controls, in each case directly or indirectly, any relevant securities nor has any such person dealt for value therein or lent or borrowed relevant securities during the disclosure period.

(b) Save as disclosed in paragraph 5 and this paragraph 8, neither the Company, nor any of the Directors or the Proposed Directors, nor any member of their immediate families or related trusts, nor any of their connected persons has any interest, right to subscribe for or short position in, and no person owns or controls, in each case directly or indirectly, any relevant securities nor has any such person dealt for value therein or lent or borrowed relevant securities during the disclosure period.

(c) No bank, stockbroker, financial or other professional adviser to the Concert Party or to any subsidiary or associated company of the Concert Party (other than an exempt market-maker) nor any person controlling, controlled by or under the same control as any such adviser nor any pension fund or employee benefit trust ("EBT") of AssetCo or the Concert Party or any of its subsidiaries nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Concert Party owns or controls, or has, directly or indirectly, any interest in, right to subscribe for or short position in any shares in AssetCo neither has any such person dealt therein for value or lent or borrowed shares in AssetCo during the disclosure period.

(d) Save as disclosed in this paragraph 8 no associate of the Company, no bank, stockbroker, financial or other professional adviser to the Company, or to any associate of the Company (other than an exempt market-maker) nor any person controlling, controlled by or under the same control as any such adviser nor any pension fund or EBT of the Company or any of its associates nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company owns, controls, has, directly or indirectly, any interest in, right to subscribe for or short position in any relevant securities nor has any such person dealt therein for value or lent or borrowed relevant securities during the disclosure period.

(e) The acquisition of New Ordinary Shares by the Concert Party will be in exchange for the shares in AssetCo held by members of the Concert Party. There will therefore be no loan facilities, the payment of interest on repayment of, or security for which, will depend on any extent on the business of the Company.

(f) Save as disclosed in this document, neither the Company, nor the Directors nor the Concert Party, nor any member of their immediate families or related trusts, nor any of their connected persons has any interest in, right to subscribe for or short position and no person owns or controls, in each case directly or indirectly, any shares in AssetCo nor has any such person dealt for value therein or lent or borrowed relevant securities during the disclosure period.

(g) Save for the Acquisition Agreements, the Controlling Shareholders Agreement, the Placing Agreement and the service agreements between each of the Proposed Directors and the Company set out in paragraphs 6.1.1 and 6.1.2 above and the arrangements set out in paragraph 8.4(h) below, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with any member of the Concert Party and any directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposals set out in this document.

(h) Pursuant to a loan agreement dated 5 October, 2005 John Shannon borrowed £1 million from Pelham Olive and Peter Lewin, which was secured against his shareholding in AssetCo. This security is to be released prior to Admission and will be replaced by a charge over 1,034,485 Ordinary Shares held by John Shannon, effective from the publication of the Company's annual report and accounts for the year ending 31 March 2008.

(i) There is no agreement, arrangement or understanding whereby the beneficial ownership of any New Ordinary Shares to be acquired by the Concert Party pursuant to the Acquisition Agreements will be transferred to any other person.

9. TAXATION

The comments set out below are based on existing law and what is understood to be current HMRC practice. They are intended as a general guide only and apply only to shareholders who are resident in the United Kingdom for tax purposes (except to the extent that specific reference is made to shareholders resident outside the United Kingdom), who hold Ordinary Shares as investments and who are the absolute beneficial owners of those shares. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately. This summary is not exhaustive and does not generally consider tax reliefs or exemptions. This summary does not comment on the tax consequences which may apply to holders of options over shares of the Company.

9.1 *Taxation of dividends*

The Company will not be required to withhold tax at source when paying a dividend.

UK resident shareholders

A UK tax resident individual shareholder, who is ordinarily resident or not, will be subject to UK income tax on the gross dividend received regardless of their domicile status. This will be included in calculating the shareholder's total income for UK tax purposes and will be taxed at a rate of 10 per cent. in the case of a lower rate or basic rate taxpayer, or 32.5 per cent. in the case of a higher rate taxpayer.

UK resident shareholders who receive a dividend from the Company will generally be entitled to a tax credit which such shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross" dividend), which is also equal to one-ninth of the cash dividend received. A UK resident individual shareholder who is liable to income tax at the starting or basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full any shareholder's liability to income tax on the dividend.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Subject to certain exceptions for traders in securities, a shareholder which is a company resident for tax purposes in the UK and which receives a dividend paid by another company resident for tax purposes in the UK will not generally have to pay corporation tax in respect of it. Such shareholders will not be able to claim repayment of tax credits attaching to dividends.

Non-UK resident shareholders

A shareholder not resident in the UK for tax purposes may be subject to foreign tax on the dividend received. Such a shareholder should consult their own tax adviser on the incidence of tax in the country in which they are resident for tax purposes, as to whether they are entitled to the benefit of any tax credit and the procedure for claiming repayment.

9.2 *UK Taxation of chargeable gains*

A disposal, or deemed disposal, of shares in the Company by a shareholder who is either resident or ordinarily resident for tax purposes in the UK in the relevant year of assessment will, depending on the shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains in the UK.

Broadly, shareholders who are not resident and are not ordinarily resident for tax purposes in the UK will not be liable for UK tax on capital gains realised on the disposal of their shares unless such shares are used, held or acquired for the purposes of a trade, profession or vocation or, in the case of companies only, a permanent establishment, carried on in the UK through a branch or agency or for the purpose of such branch or agency. Such shareholders may be subject to foreign taxation on any gain under local law.

A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years and who disposes of the shares during that period may also be liable to UK taxation of chargeable gains (subject to any available exemption or relief) as if, broadly, the disposal was made in such shareholder's year of return to the UK unless the shares were acquired at a time when the shareholder was neither resident nor ordinarily resident in the UK.

For UK shareholders who are individuals, taper relief may reduce the proportion of any gain realised on the disposal of the shares that is subject to capital gains tax. For the purposes of taper relief on chargeable gains (available to UK tax resident individuals and trustees but not to companies), shares traded on AIM are treated as unquoted shares. Subject to the satisfaction of certain conditions, for example, whether the shares are in a trading company, both employees and non-employees may qualify for more generous taper relief. This would need to be reviewed on a case by case basis.

UK shareholders who are individuals are entitled to an annual exempt amount (£8,800 in 2006-07) of total net capital gains.

A UK shareholder that is a company is entitled to an indexation allowance, which effectively applies to increase the tax basis in the shares in line with the rate of increase in the UK Retail Prices Index. Indexation allowance may reduce a capital gain but may not create or increase any allowable loss.

9.3 *Stamp duty*

No stamp duty should be payable on the issue of the shares. However, shares purchased from existing shareholders should be subject to stamp duty at the rate of 0.5 per cent. of the value of the consideration.

10. WORKING CAPITAL

The Directors and Proposed Directors are of the opinion that, having made due and careful enquiry and having regard to the bank and other facilities available to the Enlarged Group and the proceeds of the Placing, that the working capital available to the Enlarged Group will, from Admission, be sufficient for their present requirements, that is for at least twelve months from the date of Admission.

11. LITIGATION

11.1 Neither Asfare, nor any member of the Asfare Group is or, during the previous twelve months, has been involved in any governmental, legal or arbitration proceedings which are having or may have or have had in the recent past a significant effect on the Asfare Group's financial position or profitability nor, so far as the Company is aware, are any such proceedings pending or threatened by or against the Company or any member of the Asfare Group.

11.2 On 29 January 2007, a winding-up petition was issued against AssetCo by a supplier of the AssetCo Group, with whom AssetCo had ceased trading on 9 January 2007, in respect of an alleged debt of approximately £1,265,000. AssetCo has since paid £781,000 of the amount claimed which the supplier has been able to substantiate is owing. AssetCo has obtained an injunction against the supplier preventing further action on the petition being taken prior to a hearing scheduled for 9 March 2007. AssetCo is disputing the remaining amount of £484,000 claimed by the supplier but, in the event it is unsuccessful at the hearing on 9 March 2007, the Proposed Directors believe that AssetCo's maximum liability is the amount claimed together with costs, all of which AssetCo has provided for in its accounts. Save as set out above, neither AssetCo, nor any member of the AssetCo Group is, or during the previous twelve months, has been involved in any governmental, legal or arbitration proceedings which are having or may have or have had in the recent past, a significant effect on the AssetCo Group's financial position or profitability nor, so far as AssetCo is aware, are any such proceedings pending or threatened by or against AssetCo or any member of the AssetCo Group.

12. SIGNIFICANT AND MATERIAL CHANGE

12.1 Save as disclosed in this document, there has been no significant or material change in the financial or trading position of the Asfare Group since 31 March 2006, the date to which the Asfare Group's last audited financial statements as set out in Part III of this document were published.

12.2 Save as disclosed in this document, there has been no significant or material change in the financial or trading position of the AssetCo Group since 30 September 2006, the date to which the AssetCo Group's last audited financial statements as set out in Part II of this document were published.

13. MIDDLE MARKET QUOTATIONS

The following table shows the closing middle-market prices for Ordinary Shares as derived from the AIM appendix to the Daily Official List on the first dealing day in each of the six months immediately prior to the date of this document, and for 5 March 2007 (being the last dealing day prior to the announcement of the Acquisition and the latest practicable date to obtain the information prior to the posting of this document):

Date	*Asfare share price*
2 October 2006	101.0p
1 November 2006	106.0p
1 December 2006	126.5p
2 January 2007	128.0p
1 February 2007	155.0p
1 March 2007	155.0p
5 March 2007	154.5p

14. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Asfare Group or the AssetCo Group within the period of two years preceding the date of this document which are or may be material:

14.1 *The Asfare Group*

14.1.1 An agreement (the "Principal Acquisition Agreement") dated 5 March 2007 between the Company (1) and the Vendors (other than the AssetCo Warrantholders (as defined in paragraph 14.2.3)) (the "Principal Vendors") (2) and an agreement (the "Warrantholders Acquisition Agreement") dated 5 March 2007 between the Company (1) and the AssetCo Warrantholders (2) whereby the Company has conditionally agreed to acquire the entire issued share capital of AssetCo.

The Principal Acquisition Agreement is conditional on:

(a) the Resolutions being duly passed without material amendment by 29 March 2007;

(b) the Placing Agreement not being terminated and becoming unconditional in all respects in accordance with its terms (save for any condition relating to the allotment of the Placing Shares or any condition relating to the Acquisition Agreements becoming unconditional or being completed); and

(c) Admission occurring and becoming effective by 8.00 a.m. on 30 March 2007 (or such later date as the Company and the Principal Vendors may agree not being later than 13 April 2007).

The Warrantholders Acquisition Agreement is conditional upon of the Principal Acquisition Agreement becoming unconditional in all respects and Admission occurring as set out in paragraph (c) above.

Pursuant to the terms of the Warrantholders Acquisition Agreement, the AssetCo Warrantholders are obliged to exercise their warrants to subscribe for ordinary shares of AssetCo and to sell such shares in exchange for the relevant number of Consideration Shares. In addition, each of the AssetCo Warrantholders has agreed to discharge any employer's national insurance contributions arising upon the issue of the AssetCo Warrants to him.

The total consideration for the sale of the entire issued share capital of AssetCo is approximately £80.2 million. Of this amount, £70.2 million will be satisfied on Completion by the issue of the Consideration Shares at 145 pence per share to AssetCo's ordinary shareholders and convertible preference shareholders and the remaining £10.0 million will be paid in cash to Brook Henderson in respect of its holding of AssetCo preference shares.

The Warrantors have given warranties in relation to the business and operations of the AssetCo Group. The time limit for the Company to give notice of a claim for breach of the warranties (other than the taxation warranties) expires on the date which is two months after the publication of the audited consolidated accounts of the Enlarged Group for the year ending 31 March 2008 and for the tax warranties and for claims under the tax deed on the seventh anniversary of Completion. Warranty claims are subject to certain limitations. The maximum recoverable from the Warrantors is limited to £20 million in aggregate divided amongst them *pro rata* to their shareholdings in AssetCo.

The Principal Vendors have given customary restrictive covenants in favour of the Company (including non-competition and non-solicitation) for a period of three years from Completion.

14.1.2 An agreement dated 6 March 2007 between the Company (1), the Directors (2), the Proposed Directors (3), the AssetCo Senior Managers (4) and Hoare Govett (5) (the "Placing Agreement") pursuant to which Hoare Govett has agreed (conditionally, among other things, on Admission occurring not later than 30 March 2007 or such later date (being not later than 13 April 2007) as Hoare Govett and the Company may agree) to use its reasonable endeavours to procure subscribers for or, failing which, Hoare Govett will itself subscribe for the Placing Shares in each case at the Placing Price.

The Company has agreed to pay to Hoare Govett (1) a fee of £200,000 and (2) where the gross proceeds of the Placing (the "Gross Proceeds") are £20 million or more, an underwriting and distribution fee of 3.25 per cent. of the Gross Proceeds and where the Gross Proceeds are less than £20 million, an underwriting and distribution fee of 3.5 per cent. of the Gross Proceeds.

The Company has agreed to pay all other costs, charges and expenses of, and incidental to, the Placing and Admission, including the fees of the London Stock Exchange, registrars fees, printing, advertising and distribution expenses, the Company's legal and accountancy expenses and Hoare Govett's legal expenses (subject to a maximum of £120,000) and all related irrecoverable value added tax, if applicable.

Under the Placing Agreement, the Proposed Directors and the AssetCo Senior Managers have undertaken to the Company and Hoare Govett (subject to certain limited exceptions) not to dispose of any of their Ordinary Shares (and to procure that no persons connected with them dispose of any Ordinary Shares) during the period from Admission up to publication of the Company's annual report and accounts for the year ending 31 March 2008. The Ongoing Directors and the AssetCo Senior Managers have also agreed with the Company and Hoare Govett that, for so long as Hoare Govett is the Company's nominated adviser, they shall effect, insofar as they are able, any disposal of such shares through Hoare Govett provided that Hoare Govett is able to match the dealing terms offered by another reputable broker in the City of London within certain time periods.

The lock-in provisions will not apply in the following circumstances: (i) in respect of an acceptance of a takeover (or the execution of an irrevocable commitment to accept a takeover offer); (ii) in the event of any compromise or arrangement under section 425 of the Act which is agreed to by the requisite majority of the members of the Company and sanctioned by a court; (iii) in the event of an offer by the Company to purchase its own shares which is made on identical terms to all holders of the Ordinary Shares in compliance with the Act; (iv) in respect of a scheme or reconstruction pursuant to section 110 of the Insolvency Act 1986; and (v) in the event of a court order.

The Company and the Directors have given certain representations, warranties and indemnities to Hoare Govett as to the accuracy of information in this document and other matters in relation to the Enlarged Group and its business. The liability of the Directors is limited.

Hoare Govett may terminate the Placing Agreement in certain circumstances prior to Admission.

The Placing is fully underwritten through Hoare Govett who will receive and hold moneys from the placees and who, in the event of termination of the Placing Agreement, will return such moneys to the placees immediately. Hoare Govett will account to the Company for amounts due to it as soon a reasonably practicable following Admission and in any event by not later than one business day after Admission. Pursuant to the Placing Agreement, the Company has agreed to procure despatch of share certificates to placees on or before 13 April 2007.

14.1.3 A nominated adviser and broker agreement dated 6 March 2007 between the Company (1) the Ongoing Directors (2) and Hoare Govett (3) whereby the Company has appointed Hoare Govett to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Hoare Govett a fee of £60,000 per annum for its services under this agreement together with all properly incurred expenses and VAT. The agreement contains certain undertakings and indemnities given by the Company and the Directors and Proposed Directors which are customary for agreements of this nature. The agreement will continue in force until terminated by either party giving the other three months' notice. The agreement may also be immediately terminated by Hoare Govett or the Company in certain circumstances.

14.1.4 An agreement dated 6 March 2007 between the Company (1) and John Shannon and Frank Flynn (the "Controlling Shareholders"), conditional upon Admission, which includes provisions intended to ensure that the Company will, following Admission, be able to operate independently of the Controlling Shareholders. The Controlling Shareholders have undertaken to use reasonable endeavours as Ordinary Shareholders, *inter alia*, to: (i) procure that each member of the Enlarged Group is not precluded or inhibited from carrying on its business independently of the Controlling Shareholders; (ii) to procure (to the extent that they are able) that the directors on the Board from time to time is free from any business or other relationships with the Controlling Shareholders which could materially interfere with each such director's independent judgment in matters that may concern the Controlling Shareholders; (iii) to procure (to the extent that they are able) that transactions and relationships between each member of the Enlarged Group and the Controlling Shareholders are entered into at arm's length and on a normal commercial basis and (iv) to abstain from exercising their voting rights on any resolution proposed at a general meeting of the Company relating to any contract or arrangement or any other proposal whatsoever in which the Controlling Shareholders have any material interest (other than by virtue of an interest in shares, debentures or other securities of or otherwise in or through the Company). The provisions of this agreement will cease to have effect during any period in which the Controlling Shareholders (or any of their respective spouses, partners, members of their immediate family, trustees, nominees or persons acting on their behalf and any other person connected with the Controlling Shareholders) in aggregate have ceased to beneficially own or be interested in at least 30 per cent. of the issued share capital of the Company carrying voting rights (exclusive of any shares for the time being held in treasury).

14.1.5 An agreement dated 20 November 2006 (as amended on 21 February 2007) between the Company (1) and AssetCo (2) whereby each of the Company and AssetCo agreed certain confidentiality and exclusivity obligations in respect of the other. AssetCo also agreed to pay the Company a break fee of £700,000 and its costs should the Acquisition not complete for any reason other than Asfare's withdrawal for no good cause. The Company agreed to pay AssetCo its costs, in respect of the Acquisition (capped at the lower of £45,000 and one per cent. of the value of Asfare on a fully diluted basis), should the Company withdraw from negotiations without good cause.

14.1.6 An agreement dated 22 June 2006 between the Company (1), Collins Youldon Limited (2) and Ewart F. Youldon Limited (together "the Youldon Companies") whereby the Company agreed to buy the business and assets of the Youldon Companies for a cash consideration of £912,000 satisfied as to £689,000 on completion and with a deferred payment of £223,000, adjusted for movements in the inventory and fixed assets of the Youldon Companies since 1 January 2006 (which was payable in two equal instalments six months and twelve months after completion). The adjustment reduced the total deferred payment by £40,977 to £182,023. The first of these instalments of £91,012 was paid on 22 December 2006 and the second instalment of the remaining amount of £91,011 will be payable on 22 June 2007.

14.1.7 An agreement dated 6 November 2005 between the Company (1) and Michael Lambarth, Philip Parry and Joan Parry (the "Todd Vendors") (2) whereby the Company agreed to acquire the entire issued share capital of Todd Research for an initial cash consideration of £1,650,000 (together with an amount equal to the cash balance in the business on completion which was £262,000) and a further deferred consideration of up to £2,080,000. Of this deferred consideration, a payment of £80,000 was payable by the Company in the event that Todd Research achieved revenues of £1,700,000 in the year ended 31 January 2006. This revenue target was not achieved. The remaining deferred consideration is payable in two tranches of up to £1,000,000 each in the event that Todd Research achieves sales in excess of £2,250,000 in the year ending 11 November 2006 and £2,600,000 in the year ending 11 November 2007. The Todd Vendors are entitled to receive 75 pence for every £1 of sales achieved above the relevant target figure, subject to certain adjustments depending on the gross margin achieved. These payments are to be satisfied as to 75 per cent. in cash and as to 25 per cent. by the issue of Ordinary Shares at a value of 90 pence each. The targeted sales to 11 November 2006 were not achieved.

14.1.8 An agreement dated 6 November 2005 between the Company (1) and Seymour Pierce Limited ("Seymour Pierce") whereby Seymour Pierce agreed to use its reasonable endeavours to procure subscribers for 771,112 new Ordinary Shares issued at a price of 90 pence per share. The agreement contained certain warranties and indemnities from the Company to Seymour Pierce which are customary for an agreement of this nature.

14.1.9 The Warrant instruments described in paragraph 5.3 above.

14.2 *AssetCo Group*

14.2.1 A conditional agreement dated 23 November 2006 between Gareth White (1) and AssetCo (2) whereby AssetCo will purchase, subject to certain conditions including Admission, the entire issued share capital of Simentra Limited for a cash consideration of £395,000 together with repayment of existing loans totalling £55,000. Gareth White has agreed to give for breach of such warranties certain warranties to AssetCo. The time limit for AssetCo to give notice of any claim expires one year from the date of completion of the agreement. The maximum recoverable by AssetCo is less than the consideration payable (£220,000). Gareth White did not provide any warranties in relation to taxation. AssetCo has given an uncapped indemnity in respect of any liability incurred by Simentra Limited from 1 October 2006 to the date of completion of the agreement. At completion, Gareth White is to provide a cheque for £110,000 in respect of the exercise of his AssetCo warrants.

14.2.2 An agreement dated 22 December 2006 between North Atlantic Smaller Companies Investment Trust plc ("NASCIT") (1), North Atlantic Value LLP ("NAV") (2), Oryx International Growth Fund Limited ("Oryx") (3), Brook Henderson (4), Denis Mellon (5), Michael Pelham Morris Olive (6), Peter Jonathan Lewin (7), David Smith (8), Marcus John Shannon (9) and Raymond Francis Flynn (10) and AssetCo (11) whereby each of NASCIT, NAV and Oryx subscribed for 4,000,000, 400,000 and 600,000 convertible preference shares of £1 each in the capital of AssetCo respectively at a subscription price per share of £1. AssetCo subsequently received a request from Oryx to register its shares in the name of two funds managed by it so that 325,000 convertible preference shares have now been registered in the name of Oryx International Growth Fund Limited and 275,000 convertible preference shares have now been registered in the name of Oryx International Growth Fund Limited – C Shares. The convertible preference shares will be acquired by Asfare pursuant to the Principal Acquisition Agreement referred to in paragraph 14.1.1 above in exchange for the issue of 4,310,345 Ordinary Shares, which have a value at the Placing Price of £6,250,000. The increase in value above the original £5,000,000 investment has been deducted from the consideration being paid to the directors of AssetCo. AssetCo, John Shannon and Frank Flynn gave certain warranties in favour of NASCIT, NAV and Oryx in respect of AssetCo. The time limit for NASCIT, NAV and Oryx to give notice of a claim for breach of warranty (other than a taxation warranty) expires on 22 June 2008 and for a tax warranty on 22 December 2013. Warranty claims are subject to certain limitations which are usual for an agreement of this sort. The maximum recoverable from AssetCo, John Shannon and Frank Flynn is limited to the amount subscribed by NASCIT, NAV and Oryx pursuant to the investment agreement. The investment agreement will terminate on Admission.

14.2.3 A share warrant agreement dated 20 December 2006 between AssetCo (1) and Gerald Andrews, Damian Murphy, Lou Gill, Stephen Bristow, Dermot McDermott, Mark Clisset, Tom Joyce, Gareth White, Michael Lavender, Jeffrey Stone, Lyndon Plant, Jonathan Reid and William Campbell Walters (all of whom are senior employees of the AssetCo Group) (the "AssetCo Warrantholders") (2) pursuant to which the AssetCo Warrantholders paid £1.23 million to AssetCo in exchange for warrants to subscribe for an aggregate of 1,696,549 ordinary shares in the capital of AssetCo at a price equal to 50 per cent. of the price payable by Asfare for those shares pursuant to the Acquisition Agreements summarised in paragraph 14.1.1 above. The increase in value received by the AssetCo Warrantholders above the original £1.23 million invested by them has been deducted from the consideration being paid to the directors of AssetCo. It is a requirement of the Warrantholders Acquisition Agreement (summarised in paragraph 14.1.1 above) that all these warrants will be exercised prior to completion of the Acquisition Agreements and the resulting shares in AssetCo sold to the Company in accordance with the terms of that agreement.

14.2.4 An agreement dated 2 November 2006 between AssetCo (1) and Bradmount Investments Limited ("Bradmount") (2) whereby AssetCo agreed to pay Bradmount a fee of £150,000 (plus VAT) for its services in procuring the investment into AssetCo by J O Hambro. Adrian Bradshaw, a director of the Company, is also a director of and significant shareholder in Bradmount.

14.2.5 An agreement dated 3 October 2006 between FSE Holdings Limited (1) AssetCo (2) and Graham Aitken and William Campbell Walters (the "Guarantors") (3) whereby AssetCo purchased the entire issued share capital of FSE for an aggregate cash consideration of £1.39 million subject to adjustment in respect of the net assets of FSE at completion of the transaction. FSE Holdings Limited gave certain warranties to AssetCo in respect of FSE. The obligations of FSE Holdings Limited are guaranteed by the Guarantors. The time limit for AssetCo to give notice of a claim (other than a taxation warranty or a claim under the tax deed of covenant) expires on 31 July 2008 and for a taxation warranty or a claim under the tax deed of covenant on 22 December 2013. The maximum recoverable by AssetCo is limited to the consideration payable pursuant to the agreement.

14.2.6 An agreement dated 5 October 2005 between Brook Henderson (1), SVO Holdings Limited (2), AssetCo Limited (3), Michael Pelham Morris Olive (4) and AssetCo (5) whereby AssetCo acquired the entire issued share capitals of AssetCo Vehicles Limited, AssetCo Papworth Limited, AssetCo (Ireland) Limited, AssetCo Municipal Limited and AssetCo SVO Limited for an aggregate initial consideration of approximately £45 million (calculated by reference to the net asset value of the businesses acquired together with additional sums of £13,302,695) satisfied as to approximately £30 million in cash and as to £10 million by the issue of 100 preference shares of £1 each in the capital of AssetCo. On completion, intra-group indebtedness owing to acquired companies amounting to approximately £57 million was discharged. In addition, there was deferred consideration of £5 million payable in the event that the AssetCo Group entered into certain contracts following completion. This liability will be discharged as part of the terms of the Acquisition Agreements. The agreement contains warranties from Brook Henderson in favour of AssetCo which were subject to a maximum liability cap of £30 million. The warranties were of a nature and scope customary for agreements of this type save that there was no tax deed of covenant from Brook Henderson and a very limited taxation warranty. The time limit for bring claims was 31 October 2006, save in relation to taxation where the time limit is 31 October 2007.

14.2.7 An agreement dated 5 October 2005 between AssetCo Limited ("AL") (1) and AssetCo Managed Services Limited ("AMSL") (2) whereby AMSL acquired the finance, build and managed services business and certain assets of and assumed certain liabilities of AL in consideration of the payment by AMSL of £1,411,970 in cash and the assumption of those liabilities.

14.2.8 An agreement dated 5 October 2005 between AssetCo Limited ("AL") (1) and AssetCo Municipal Limited ("AML") (2) whereby AML acquired the specialist municipal vehicles business and certain assets of and assumed certain liabilities of AL in consideration of the payment by AML of £2,085,632 in cash and the assumption of those liabilities.

14.2.9 An agreement dated 5 October 2005 between John Shannon (1) Brook Henderson (2) Denis Mellon (3) Raymond Flynn (4) Pelham Olive (5) Peter Lewin (6) and AssetCo (7) whereby John Shannon subscribed for 64,998 'A' ordinary shares for £2 million and 14,000 Ordinary Shares for £430,000; Denis Mellon subscribed for 7,000 Ordinary Shares for £215,000; Frank Flynn subscribed for 7,000 Ordinary Shares for £215,000; Pelham Olive subscribed for 6,125 Ordinary Shares for £188,125 and Peter Lewin subscribed for 875 Ordinary Shares for £26,875. In addition, AssetCo issued 100 preference shares to Brook Henderson credited as fully paid and with a premium of £99,999 per share. Upon an Exit (as defined in the agreement), the preference dividend is to be paid in full or purchased for a cash sum equal to £10 million less any payment on account of the preference dividend. John Shannon, Frank Flynn and Denis Mellon gave certain warranties in favour of the other shareholders in respect of AssetCo. This agreement will terminate on Admission.

14.2.10 A facility letter dated 3 October 2005 (and varied on 19 April 2006 and 5 October 2006) between AssetCo and Bank of Scotland Ireland ("BoSI") whereby BoSI granted, for the purposes of the acquisition set out in paragraph 14.2.7 of Part VI of this document, a term loan facility of up to £24,000,000 comprising three term loans of £8 million (repayable in ten years), £12 million (repayable in five years) and £4 million (repayable in five years). It also included a one day facility of £57,429,164 which has been repaid. A margin of 2 per cent. plus LIBOR applies save in relation to the £4 million facility where the margin is 8 per cent. plus LIBOR. There is an ongoing obligation to ensure that the total debt service cover ratios (variable over the term between 0.45 times and not less than 1.8 times), net debt:EBIT cover (variable over the term between 13.0 times and not more than 4.0 times) and the cash flow ratio (1:1) are met. AssetCo has granted and/or procured in favour of BoSI a first and only legal charge over leasehold property held by any AssetCo Group company. AssetCo and several other AssetCo Group companies have entered into a cross guarantee and indemnity in favour of BoSI. AssetCo and several other AssetCo Group companies have granted a debenture charge in favour of BoSI. John Shannon has provided a guarantee and indemnity for £1 million.

14.2.11 A bank guarantee dated 7 April 2006 whereby BoSI has granted a bank guarantee in favour of LFR for £1 million. This facility is secured by a second debenture over AssetCo Emergency Limited ("Emergency (2)") (2) and AssetCo Solutions Limited ("Solutions"), a guarantee and indemnity from Emergency (2) and AssetCo Solutions and an extension of the security granted in relation to the acquisition finance facility set out above in paragraph 14.2.10 of Part VI of this document.

15. THE COMPANY AND ITS SUBSIDIARIES

The principal activity of the Company is as set out in paragraph 2.5 above. The Company is the holding company of the following subsidiaries which are all wholly owned:

Name and company number	*Place of incorporation*	*Principal activity and status*
AS Fire & Rescue Equipment Limited (4840869)	England	Manufacturing
Speed 5019 Limited (3066333)	England	Holding company
Fire Guns Limited (3372247)	England	Dormant
Asfare No. 1 Limited (1336562)	England	Dormant
Sacol Group 1990 Limited (2542477)	England	Dormant
Todd Research Limited (477701)	England	Sales and manufacturing
AS America Inc (0415064-5)	USA	Royalty payments on shutter sales
AS Security BV (1357678)	The Netherlands	Sales

16. ASSETCO AND ITS SUBSIDIARIES

The principal activity of AssetCo is that of a holding company. AssetCo is the parent company or ultimate parent company of the following subsidiaries all of which are wholly-owned save for Adatt Limited which is 50 per cent. owned by AssetCo Papworth Limited and 50 per cent. owned by Anglian Developments Limited:

Name and company number	*Country of incorporation*	*Principal activity and status*
Adatt Limited (4244945)	England	Joint venture company
AssetCo Contracts Limited (NI012792)	Northern Ireland	Dormant
AssetCo Emergency Limited (4067673)	England	SPV for performance of LFEPA contract
AssetCo Emergency (2) Limited (NI056443)	Northern Ireland	SPV for performance of LFR contract
AssetCo (Ireland) Limited (NI46813)	Northern Ireland	Provision of fleet management services to Northern Irish Electricity
AssetCo SVO Limited (2888756)	England	Vehicle conversion of Vauxhall vehicles for police forces
AssetCo Managed Services Limited (NI 154518)	Northern Ireland	Principal operating company of the Group
AssetCo Managed Services (ROI) Limited (413026)	Ireland	The provision of a central back office facility which houses finance, IT, HR and payroll and the fleet management of the AssetCo Group's utility business
AssetCo Papworth Limited (30448528)	England	Vehicle conversion and body building services
AssetCo Vehicles Limited (3063730)	England	Provision of fleet management services, procurement and build services, accident management services to public sector utilities and public sectors bodies (now being wound down)
AssetCo Engineering Limited (4067607)	England	Sub-contractor for performance of LFEPA contract
AssetCo Municipal Limited (2232747)	England	Spot hire and contract hire provider of refuse and street-sweeping vehicles to local authorities (now being wound down)
AssetCo Solutions Limited (NI 32562)	Northern Ireland	Vehicle for structural subordination of finance facilties to AssetCo Emergency (2) Limited

Name and company number	*Country of incorporation*	*Principal activity and status*
AssetCo Management Limited (NI 33321)	Northern Ireland	Dormant
AssetCo Service Care Limited (NI 398881)	Northern Ireland	Dormant
Fire Safety Equipment Limited (1047919)	England	Provision of fire equipment
Irish Truck Rentals Limited (NI 36074)	Northern Ireland	Dormant
Star Rentals Limited (NI 31160)	Northern Ireland	Dormant

17. INVESTMENTS

Other than the Company's subsidiaries, details of which are set out in paragraph 15 above, and the acquisition of AssetCo pursuant to the proposed Acquisition, the Company does not have any investments and has not had any during the period covered by the historical financial information in Part III up to the date of this document.

18. RELATED PARTY TRANSACTIONS

No member of the Asfare Group has entered into a related party transaction within the meaning of Rule 13 of the AIM Rules during the period between the three financial years ended 31 March 2006 and 5 March 2007 (being the latest practicable date prior to the date of this document).

19. IRREVOCABLE UNDERTAKINGS

The Company has received irrevocable undertakings from Tim Wightman, Jacqueline Wightman, David Chisnall, Tony O'Neill, Tim O'Connor, Adrian Bradshaw and Peter Mountford in respect of their respective shareholdings shown in paragraph 5.1 above, which amount to an aggregate of 1,705,555 Ordinary Shares representing 34.3 per cent. of the issued share capital of the Company, to vote in favour of the Resolutions as set out in the Notice of EGM. The irrevocable undertakings cease to be binding in the event of acceptance of a takeover offer (or the execution of an irrevocable commitment to accept a takeover offer).

20. GENERAL

20.1 The Ordinary Shares are currently admitted to trading and, other than the Company's application for the New Ordinary Shares issued under the Placing and the Acquisition, to be admitted to trading on AIM no applications for such admission have been made.

20.2 The Placing Price of 145 pence represents a premium of 120 pence above the nominal value of 25 pence per Ordinary Share. The Placing Price is payable in full on application.

20.3 Hoare Govett has given and not withdrawn its written consent to the issue of this document with the inclusion of its letters on the profit forecasts for AssetCo and Asfare for the year ending 31 March 2007 set out in Part V and the inclusion herein of the references to its name and its letters set out in Part V of this document on the AssetCo Profit forecast and the Asfare Profit forecast in the form and context in which it appears.

20.4 Grant Thornton UK LLP of 43 Queen Square, Bristol, BS1 4QR has given and not withdrawn its written consent to the inclusion of its report on the unaudited pro forma statement of net assets of the Enlarged Group set out in Part IV and reports on the profit forecasts for AssetCo and Asfare for the year ending 31 March 2007 set out in Part V (together the "Public Reports") and to the references to its name in the form and context in which it appears and have authorised its reports for the purposes of paragraph (a) of Schedule Two to the AIM Rules. Grant Thornton UK LLP acknowledges its responsibility in relation to its Public Reports as set out in its declaration contained in each of its Public Reports included within the Admission Document.

20.5 PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP, has given and not withdrawn its written consent to references to its name in the form and context in which it appears within the Admission Document. PKF (UK) LLP is authorised and regulated by the Financial Services Authority for investment business activities.

20.6 There have been no interruptions in the Asfare Group's or the AssetCo Group's businesses which may have or have had in the last twelve months a significant effect on their financial positions.

20.7 There have been no interruptions in the Asfare Group's or the AssetCo Group's businesses which may have or have had in the last twelve months a significant effect on their financial positions.

20.8 Neither the Asfare Group nor the AssetCo Group has any material registered intellectual property and there are no patents, licences, industrial, commercial or financial contracts of new manufacturing processes which are material to the business or profitability of the Enlarged Group.

20.9 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company, within the twelve months preceding the date of the application for Admission or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company, or any member of the Enlarged Group on or after Admission, any of the following: fees totalling £10,000 or more, securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.

20.10 The financial information relating to the Asfare Group and the AssetCo Group contained in this document does not constitute statutory accounts within the meaning of section 240 of the Act.

20.11 Save as disclosed in this document, no exceptional factors have influenced the Asfare Group or the AssetCo Group or their respective activities.

20.12 Save as disclosed in Part II and Part III of this document, the Directors and the Proposed Directors are unaware respectively of:

20.12.1 any significant recent trends in production, sales and inventory and costs and selling prices either for the Company or for the Asfare Group since 30 September 2006, the date of the Asfare Group's last unaudited accounts and the date of this document or any significant trends in production, sales and inventory and costs and selling prices either for AssetCo or the AssetCo Group since the date of AssetCo's last audited accounts and the date of this document; or

20.12.2 any known trends, uncertainties, demands, commitments or events,

that are reasonably likely to have a material effect on the Enlarged Group's prospects for at least the current financial year.

20.13 The Directors and Proposed Directors are not aware of any environmental issues that may effect the Enlarged Group's utilisation of tangible fixed assets.

20.14 The Company has made statements in Part I of this document regarding the Enlarged Group's competitive position on the basis of its knowledge of the industry in which it operates and communications with clients of the Enlarged Group.

20.15 The Company, the Directors and the Proposed Directors confirm that all information sourced from a third party and included in this document has been accurately reproduced and that so far as the Company, the Directors and the Proposed Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20.16 The nominated adviser to the Company is Hoare Govett Limited of 250 Bishopsgate, London EC2M 4AA, which is regulated by the Financial Services Authority Limited.

20.17 The expenses of or incidental to the Proposals are payable by the Company and are estimated to amount to £3.0 million (excluding value added tax), including commissions of £650,000.

20.18 The total proceeds of the Placing expected to be raised by the Company are £20 million and the net proceeds, after deduction of the expenses, are estimated at £17.0 million.

20.19 The International Security Identification Number (ISIN) of the Ordinary Shares is GB0033997387.

20.20 Other than the listing of the Existing Ordinary Shares on AIM and the intended application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the Ordinary Shares.

20.21 Grant Thornton UK LLP which is a member of the Institute of Chartered Accountants in England and Wales, has been the Company's auditors since incorporation.

20.22 The Ordinary Shares are capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing, transfers will be certified against the register of members. The Company has applied to CRESTCo Limited, the operator of CREST, for the New Ordinary Shares to be admitted 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 Articles of Association permit the holding of ordinary shares under CREST. CREST is a voluntary system and holders of ordinary shares who wish to retain share certificates will be able to do so.

21. DOCUMENTS FOR INSPECTION

21.1 Copies of this document, are available during normal business hours on any weekday (except Saturdays and public holidays) free of charge from the Company's registered office and at the offices of Nabarro at Lacon House, 84 Theobald's Road, London WC1X 8RW and shall remain available for at least one month after Admission.

21.2 Copies of the following documents will be available for inspection during normal business hours on any weekday (except Saturdays and public holidays) free of charge at the Company's registered office and at the offices of Nabarro, Lacon House, 84 Theobald's Road, London WC1X 8RW and shall remain available for at least one month after Admission:

21.2.1 the memorandum and articles of association of the Company and AssetCo;

21.2.2 the audited consolidated accounts of the Asfare Group for the three years ended 31 March 2006;

21.2.3 the unaudited consolidated interim accounts of the Asfare Group for the six months ended 30 September 2006;

21.2.4 the audited consolidated accounts for AssetCo for the six months ended 31 March 2006 and for the six months ended 30 September 2006;

21.2.5 the audited accounts for AssetCo Emergency Limited, AssetCo Engineering Limited, AssetCo SVO Limited, AssetCo Municipal Limited, AssetCo Vehicles Limited, AssetCo Papworth Limited and AssetCo (Ireland) Limited for the three years ended 31 March 2006 and the audited accounts for AssetCo Managed Services Limited for the period from 4 April 2005 to 31 March 2006;

21.2.6 the report prepared by Grant Thornton UK LLP on the pro forma statement of net assets;

21.2.7 the reports prepared by Grant Thornton UK LLP on the AssetCo profit forecast and the Asfare profit forecast;

21.2.8 the letters from Hoare Govett on the AssetCo profit forecast and the Asfare profit forecast;

21.2.9 the service contracts and letters of appointment summarised in paragraph 6 of this Part VI;

21.2.10 the rules of the Share Option Plans;

21.2.11 the material contracts referred to in paragraph 14 of this Part VI;

21.2.12 the consent letters referred to in paragraphs 20.3 and 20.4 and 20.5 of this Part VI;

21.2.13 the irrevocable undertakings referred to in paragraph 19 of this Part VI; and

21.2.14 the break fee agreement referred to in paragraph 14.1.5 of this Part VI.

Dated: 6 March 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

ASFARE GROUP PLC

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4966347)

Notice is hereby given that an Extraordinary General Meeting of Asfare Group plc (the "Company") will be held at the offices of Nabarro, 84 Theobald's Road, London WC1X 8RW at 11.00 a.m. on Thursday 29 March 2007 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1, 2, 3 and 4 will be proposed as ordinary resolutions and resolutions 5, 6 and 7 will be proposed as a special resolutions. Resolution 2 will be voted on a poll of independent Shareholders, regardless of whether or not a request is received from Shareholders that such a poll be held and any members of the Concert Party (as defined in the circular of the Company to its shareholders dated 6 March 2007) will not vote on that resolution:

RESOLUTIONS

1. THAT, the acquisition by the Company of the entire issued share capital of AssetCo Group Limited in accordance with the terms of the agreement as summarised in paragraph 14.1.1 of Part VI of the circular of the Company to its shareholders dated 6 March 2007 (the "Acquisition Agreements") and copies of which are produced to the Meeting and initialled by the Chairman for the purposes of identification only be and they are hereby approved and that the Directors be and are hereby authorised to complete such agreement, subject to such immaterial modifications as the Directors may deem appropriate, and to execute, sign and do all such other documents, deeds, acts and things as may be necessary or desirable to complete the aforesaid transaction.

2. THAT, the waiver by the Panel on Takeovers and Mergers of the obligation that would otherwise fall on the Concert Party to make a general offer pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the allotment and issue of up to 42,427,589 new ordinary shares of 25 pence each in the capital of the Company ("Ordinary Shares") to members of the Concert Party pursuant to the Acquisition Agreements would result in the Concert Party controlling up to 63.2 per cent. of the voting rights in the Company be and is hereby approved.

3. THAT, subject to and conditional upon the passing of resolutions 1 and 2 above, the authorised share capital of the Company be increased from £5,000,000 to £23,750,000 by the creation of an additional 75,000,000 new ordinary shares of 25 pence ranking *pari passu* in all respects with the existing ordinary shares of the Company.

4. THAT, subject to and conditional upon the passing of resolutions 1, 2 and 3 above, the directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Companies Act 1985 (the "Act")) up to an aggregate nominal amount of £21,617,190 provided that this authority shall expire on the date falling on the earlier of 15 months from the date hereof or the date of the next annual general meeting of the Company, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the directors pursuant to section 80 of the Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

5. THAT, subject to and conditional upon the passing of resolution 4 above, the directors be and hereby empowered, pursuant to the authority conferred upon them by the passing of resolution 4 above, to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment provide that this power shall be limited to:

   (a) the allotment of equity securities up to an aggregate nominal amount of £3,448,276 in connection with the Placing (as defined in the circular of the Company to its shareholders dated 6 March 2007);

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interest of all the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body;

(c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £839,984.

and shall expire on whichever is the earlier of 15 months from the date hereof and the date of the next annual general meeting of the Company except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such 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 such offer or agreement as if the power conferred by this resolution had not expired.

6. THAT, subject to and conditional upon the passing of resolutions 1 to 5 above, the name of the Company be changed to AssetCo plc.

7. THAT, the Articles of Association of the Company be amended by the deletion in Article 98 of the words "two and a half (2½) times" and the insertion in their place of the words "four (4) times".

BY ORDER OF THE BOARD

Tim O'Connor
Company secretary
Dated 6 March 2007

Registered office:
Commercial Road
Totton
Southampton
SO40 3AE

Notes:

1. Resolution 2 will be proposed as an ordinary resolution and, in accordance with the requirements of the Code, will be taken on a poll of independent Shareholders.

2. Any member of the Company entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a form of proxy, and any power of attorney under which it is signed, must be lodged with the Company's registrars at Computershare Investor Services PLC, P.O. Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA, no later than 48 hours before the time of the extraordinary general meeting. A form of proxy is enclosed. The completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person.

3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of members of the Company at the close of business on 27 March 2007 shall be entitled to attend the meeting and to vote in respect of the number of shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the right of any person to attend and/or vote at that meeting.

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