

Interim Report and Accounts 2006



Northbridge Industrial Services plc

A glowing yellow filament inside a glass light bulb against a blue background. The filament is coiled and emits a bright yellow light, contrasting with the deep blue background. The glass of the bulb is visible, showing reflections and the base of the filament.

Northbridge

Northbridge Industrial Services was incorporated for the purpose of acquiring companies that hire and sell specialist industrial equipment.

In particular it will seek to acquire specialist niche businesses that have the potential for expansion into complete outsourcing providers; capable of supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries.

Chairman's Statement

Highlights

- Includes the results of Crestchic for three months, post acquisition
- Crestchic trading ahead of expectations, turnover up 36% in first 6 months of 2006
- Increased investment in Crestchic's hire fleet
- Buoyant markets world-wide
- Inaugural EPS of 3.9 pence

I am pleased to present Northbridge's first interim report as a public listed company; the accounts cover the period from 1st January 2006 to 30th June 2006 and have been prepared under EU adopted International Financial Reporting Standards (IFRS).

On 28th March 2006 the Company acquired Crestchic Ltd and co-terminously listed its shares on AIM. The purchase consideration of Crestchic Ltd was £6.7 million, excluding costs, and was funded by the placing of 6.4 million shares at 100p and bank finance of £750,000. These results therefore include just three months' trading of Crestchic.

Crestchic designs, manufactures, sells and hires load bank equipment which is primarily used for the commissioning and maintenance of independent power sources such as diesel generators and gas turbines.

The first three months of trading by Crestchic following its acquisition by Northbridge shows a continuing improvement in performance. The company operates in a growing global market place and its results compare very favourably with the corresponding period in 2005.

The need to continually test and maintain standby power systems within increasingly unreliable power infrastructures in many parts of the world, coupled with ongoing investment in the oil and gas industry, has reflected in strong demand for Crestchic's products and services. In particular, sales through its agents in North America and in the Far East have been encouraging.

On a like for like basis Crestchic has enjoyed a 36% increase in sales for the first 6 months of

2006 (from £2.7 million to £3.7 million). Operating profits were £685,000 before Group costs. This has enabled the company to make further investments of £384,000 in its hire fleet compared with £290,000 for the whole of 2005.

A summary of Crestchic's audited accounts for 2005 prior to its acquisition by Northbridge is shown separately on page 5.

Northbridge's consolidated revenue for the half-year was £2.0 million with gross profits exceeding £1.0 million; operating profits were £235,000. Net Assets at 30th June 2006 were £6.6 million and the strong cash flow since the beginning of the year has reduced gearing to just 6.5% (note 7). Basic earnings per share were 3.9 pence, 3.8 pence fully diluted (note 4).

The second quarter included the installation of the 50MW Sakhalin Island rental contract, which has started generating revenue from the beginning of the second half year. I am confident that trading and cash flow will be strong for the rest of 2006.

As indicated at the time of flotation we will not be paying an interim dividend. Subject to the strong trading continuing in line with expectations it is the Board's intention to recommend a maiden dividend for the year ended 31st December 2006.

Finally, I would like to thank all the staff involved on the smooth transition of ownership; their continued enthusiasm and commitment augurs well for the future.

P R Harris
Chairman

Consolidated Income Statement

	*Unaudited six months ended 30th June 2006 £000	Audited year to 31st December 2005 £000
Revenue	2,000	–
Cost of sales	(998)	–
	1,002	–
Operating expenses	(767)	(11)
Profit/(loss) from operations	235	(11)
Finance income	5	1
Finance costs	(14)	–
Profit/(loss) on ordinary activities before tax	226	(10)
Taxation expense	(68)	–
Profit/(loss) on ordinary activities after taxation	158	(10)
Earnings per share		
– basic (pence)	3.9	
– diluted (pence)	3.8	

* Includes three months of Crestchic Ltd.

Consolidated Balance Sheet

	Unaudited as at 30th June 2006 £000	Audited as at 31st December 2005 £000
Non current assets		
Intangible assets	2,485	–
Property plant and equipment	3,576	–
	6,061	–
Current assets		
Inventories	767	–
Trade and other receivables	2,157	–
Cash and cash equivalents	302	264
	3,226	264
Current liabilities		
Trade and other payables	(1,221)	(12)
Other financial liabilities	(43)	–
Tax liabilities	(502)	–
	(1,766)	(12)
Net current assets	1,460	252
Total assets less current liabilities	7,521	252
Net current liabilities		
Financial liabilities	(608)	–
Deferred tax liability	(296)	–
Total net assets	6,617	252
Capital and reserves		
Share capital	739	26
Share premium account	5,530	236
Share option reserve	200	–
Retained earnings	148	(10)
Total equity	6,617	252

Consolidated Cash Flow Statement

	Unaudited six months ended 30th June 2006 £000	Audited year to 31st December 2005 £000
Cash flow from operating activities		
Operating profit (loss)	235	(11)
Depreciation and amortisation	78	–
	313	(11)
Increase in trade and other receivables	(351)	–
Increase in stocks and work in progress	(167)	–
Increase in trade and other payables	111	11
	(407)	–
Cash utilised by operating activities	(94)	–
Interest received	5	1
Interest paid	(14)	–
Net cash from operating activities	(103)	1
Cash flows from investing activities		
Acquisitions	(6,376)	–
Purchase of tangible fixed assets	(281)	–
Purchase of intangible fixed assets	(127)	–
Net cash used in investing opportunities	(6,784)	–
Cash flows from financing activities		
Proceeds from share capital issued	7,038	263
Costs of share capital issued	(831)	–
Proceeds of long term borrowings	730	–
Repayment of hire purchase loans	(12)	–
	6,925	263
Net increase in cash and cash equivalents	38	264
Cash and cash equivalents at beginning of period	264	–
Cash and cash equivalents at end of period	302	264

Crestchic Limited – Profit and Loss Account

	Audited year to 31st December 2005 £000
Turnover	6,221
Cost of sales	(2,859)
Gross profit	3,362
Distribution costs	(1,527)
Administrative expenses	(565)
Operating profit	1,270
Profit on disposal of fixed assets	–
Profit on ordinary activities before interest and income	1,270
Other income receivable and similar income	12
Interest payable and similar charges	(24)
Profit on ordinary activities before taxation	1,258
Taxation on profit on ordinary activities	(368)
Profit on ordinary activities after taxation	890

All amounts relate to continuing activities.

Crestchic Limited – Balance Sheet

Audited
as at
31st December
2005
£000

Fixed Assets

Intangible assets	150
Tangible assets	2,850
	<hr/> 3,000

Current Assets

Stocks	470
Debtors	1,764
Cash at bank and in hand	1,057
	<hr/> 3,291

Creditors: amounts falling due within one year	<hr/> (1,282)
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Net current assets	<hr/> 2,009
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Total assets less current liabilities	<hr/> 5,009
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Creditors: amounts falling due after more than one year	(199)
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Provision for liabilities and charges	(412)
	<hr/> (611)

	<hr/> 4,398
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Capital and reserves

Called up share capital	10
Profit and loss account	4,388
	<hr/> 4,398

Shareholders' funds	<hr/> 4,398
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Crestchic Limited – Cash Flow Statement

	Audited year to 31st December 2005 £000
Net cash flow from operating activities	1,583
Returns on investments and servicing of finance	
Interest received	12
Interest paid: other	(19)
Interest paid: hire purchase	(5)
Net cash outflow from returns on investments and servicing of finance	(12)
Taxation	
Corporation tax paid	(7)
Capital expenditure and financial investment	
Payments to acquire intangible fixed assets	(56)
Payments to acquire tangible fixed assets	(293)
Receipts from sale of tangible fixed assets	53
Net cash outflow from capital expenditure and financial investment	(296)
Equity dividend paid	(85)
Cash inflow before financing	1,183
Financing	
Loans repaid	(223)
Capital element of finance leases repaid	(56)
Net cash outflow from financing	(279)
Increase in cash	904

Notes to the accounts

Northbridge Industrial Services plc

1. The interim report is unaudited and does not constitute Statutory Accounts as defined in section 240 of the Companies Act 1985. A copy of the Company's 2005 Statutory Accounts has been filed with the Registrar of Companies. The audit report for the period to 31 December 2005 was unqualified.
2. The International Financial Reporting Standards (IFRS) are mandatory for periods commencing after 1 January 2007. The Group will adopt IFRS for the first time for the year ending 31 December 2006 and this interim report has been prepared in accordance with accounting policies that are intended to be applied in the Financial Statements for that year.
3. The reconciliation from UK GAAP to IFRS at 31 December 2005 for the Balance Sheet and the Income Statement is not necessary, as there would be no difference.
4. The earnings per share figure has been calculated by dividing the profit after taxation (£158,000) by the weighted average number of shares in issue. The diluted earnings per share assume the options are exercised at the date of issue.
5. The anticipated taxation rate on profits is estimated to be approximately 30%.
6. The entire share capital of Crestchic Ltd was acquired on 28th March 2006.
7. Gearing has been calculated by netting the bank loan and cash (£0.730 million-£0.302 million) and showing this as a percentage of the Net Assets (£6.6 million).

Crestchic Ltd

1. The summarised accounts for Crestchic Ltd for the financial year ended 31st December 2005 are extracted from that company's statutory accounts which have been filed and contain an unqualified audit report.

Directors and advisers

Directors

P R Harris *Chairman*
E W Hook *Chief Executive*
B E Connolly *Finance Director*
J W Gould *Non-executive Director*
M G Dodson *Non-executive Director*
D C Marshall *Non-executive Director*

Registered address

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Bankers

Bank of Scotland
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Birmingham B2 5LS

Registrars

Capita Registrars
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