

Company [Carlisle Group Limited](#)
TIDM CXG
Headline Possible Merger
Released 07:15 07-Feb-08

Carlisle Group Limited

Possible Merger of The Corporate Services Group plc and Carlisle Group Limited

The following announcement has been released this morning by The Corporate Services Group plc in relation to a possible merger with Carlisle Group Limited. The full transcript of the announcement is displayed below:

“Not for release, publication or distribution in or into the United States of America, Australia, Canada or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.”

The Corporate Services Group plc (“Corporate Services Group” or the “Company”)

Possible Merger of The Corporate Services Group plc and Carlisle Group Limited (“Carlisle”)

The board of Corporate Services Group announces that it is in discussions regarding a possible merger which, if implemented, would be effected by: the creation of a new UK registered holding company (“Newco”), the subsequent acquisition by Newco of Corporate Services Group and Carlisle and the admission of Newco to AIM, a market of the London Stock Exchange plc (the “Possible Merger”). The implementation of the Possible Merger is subject to satisfaction (or waiver) of certain pre-conditions as set out below.

As part of the Possible Merger it is expected that the acquisition of Corporate Services Group would be effected through a scheme of arrangement (the “Scheme”) which would need to be approved by Corporate Services Group's shareholders in general meeting and sanctioned by the UK Court, and that the acquisition of Carlisle would be effected by a merger of Newco and Carlisle under Belize law (the “Belize Merger”). It is anticipated that if the Possible Merger is implemented, the Scheme will be conditional on completion of the Belize Merger, and both the Scheme and the Belize Merger will be conditional on admission of the shares in Newco to AIM.

On the basis of the current terms under discussion, Corporate Services Group shareholders would, upon completion of the Possible Merger, hold 47 per cent. of Newco and Carlisle shareholders would hold 53 per cent. of Newco. In addition, Carlisle intends to form a new subsidiary which will be capitalised as to £4 million and the shares of the new company will be distributed to Carlisle shareholders in proportion to their respective shareholdings. It is intended that the shares of the new company would then be listed on AIM.

The directors of Corporate Services Group believe that the Possible Merger would have a number of advantages for Corporate Services Group, Carlisle and their respective shareholders, employees and customers. These advantages include the following:

- the combination of Corporate Services Group and Carlisle would create a diversified support services business with total combined revenues approaching £1bn in 2007;
- the Newco group would contain an increased number of strong operating brands across a broad range of sectors;
- the combination of Corporate Services Group and Carlisle offers significant potential savings and synergy benefits; and
- although Corporate Services Group is currently trading within the limits of its borrowing facilities, Newco would have greater financial strength than Corporate Services Group currently has.

If the Possible Merger is implemented the board of Newco would be as follows:

Kevin Mahoney (currently Chairman of Carlisle) would be Non-Executive Chairman with particular focus on the effective integration of the two businesses; Desmond Doyle (currently Chief Executive Officer of Corporate Services Group) would be Chief Executive Officer; Richard Bradford (currently Chief Executive Officer of Carlisle) would be Chief Operating Officer; Andrew Burchall (currently Group Finance Director of Corporate Services Group) would be Group Finance Director; and John Rowley (currently Development Director of Corporate Services Group) would be Development Director.

The Senior Independent Director would be Noël Harwerth; Adrian Carey, Valerie Scoular and Andrew Wilson would also be appointed as non-executive directors. All are currently non-executive Directors of Corporate Services Group.

Lord Ashcroft holds 29.7 per cent. of the current issued share capital of Corporate Services Group and 74.3 per cent. of the current issued share capital of Carlisle. If the Possible Merger is implemented it is anticipated that Lord Ashcroft would hold 53.3 per cent. of the issued share capital of Newco.

The Possible Merger is subject to the following pre-conditions:

- (a) completion, on terms satisfactory to Corporate Services Group, of a due diligence review of Carlisle by Corporate Services Group;
- (b) completion, on terms satisfactory to Carlisle, of a due diligence review of Corporate Services Group by Carlisle; and
- (c) final agreement of detailed terms by both boards.

The Possible Merger will also, if implemented, be subject to further terms and conditions, including all necessary regulatory consents and approvals being obtained before completion of the Possible Merger.

The Company has received an irrevocable undertaking from Dresdner VPV NV, which owns 261,377,384 Corporate Services Group ordinary shares of 1p each ("Ordinary Shares"), equivalent to 24.3 per cent of the issued share capital of Corporate Services Group, confirming that it will vote in favour of the Scheme at the court meeting, and in favour of all the resolutions necessary at the general meeting of the Company, to enable the Possible Merger to proceed. This irrevocable undertaking will lapse if no firm intention to make an offer for Corporate Services Group is announced by 30 April 2008, or if final terms of the Scheme are such that the legacy Corporate Services Group shareholders receive in aggregate a consideration of ordinary shares in Newco equivalent to less than 47 per cent. of Newco, or if a third party makes an offer for Corporate Services Group which attributes a value to each Ordinary Share that is greater than the value attributed to each Ordinary Share under the Scheme.

The Company has also received an irrevocable undertaking from Lord Ashcroft and his associated companies, which together holds 319,737,682 Ordinary Shares, equal to 29.7 per cent. of the issued share capital of Corporate Services Group, confirming that he and his associated companies will be bound by the terms of the Scheme, and in favour of all the resolutions necessary at the general meeting of the Company, to enable the Possible Merger to proceed. The irrevocable undertaking also confirms that Lord Ashcroft and his associated companies will vote to approve the Belize Merger and will procure that Newco gives an undertaking to the court to be bound by the Scheme. This irrevocable

undertaking will lapse under the same circumstances as that of the VPV undertaking above.

Subject to the satisfaction (or waiver) of the pre-conditions and the boards of both Corporate Services Group and Carlisle agreeing to proceed with the Possible Merger, it is expected, although not certain, that appropriate documentation would be sent to shareholders of both companies in March 2008. Following on from this it is expected that a Corporate Services Group general meeting and associated court meeting will take place in April 2008 and the transaction would complete, and Newco shares would be admitted to trading on AIM, in May 2008.

This announcement does not amount to a firm intention on any party to make an offer and, accordingly, there can be no assurance that the Possible Merger will be implemented, or as to the terms of the Possible Merger, even if the pre-conditions are satisfied (or waived). Corporate Services Group reserves the right in its absolute discretion to waive pre-condition (a) above and Carlisle reserves the right in its absolute discretion to waive pre-condition (b) above.

Noël Harwerth, Acting Chairman of Corporate Services Group, commented: “A lot has been achieved at Corporate Services Group over the last three years but now is the time to move ahead with the company’s future strategy. The Possible Merger makes good sense both commercially and also from a financial point of view. We believe that it would, if implemented, provide a robust platform for acquisitions and growth in the future”.

Commenting on the Possible Merger Lord Ashcroft said: “I am wholly supportive of the Possible Merger. I believe that the proposed board of Newco is well balanced and capable of delivering value for all shareholders and I would very much like to see the enlarged group develop into a strong and independent public company. With the increased scale and stronger financial base, which I believe will result from the implementation of the Possible Merger, Newco will be well placed to develop both organically and by acquisition”.

Kevin Mahoney, Chairman of Carlisle and proposed Chairman of Newco, commented: “The Possible Merger is expected to bring a number of significant benefits to Carlisle’s shareholders. These include a greater degree of liquidity in the trading of shares and also benefits arising from economies of scale. I believe we can build a strong, prosperous group from the merger of these two companies”.

For further enquires:

Corporate Services Group plc
Noël Harwerth, Acting Chairman
Desmond Doyle, Chief Executive Officer
Andrew Burchall, Group Finance Director

Tel: 01582 692658

Carlisle Group Limited
Kevin Mahoney, Chairman
Richard Bradford, Chief Executive Officer

Tel: 01707 824000

Landsbanki Securities (UK) Limited
(Financial adviser and Broker to Corporate Services Group)
James Wellesley Wesley
Claes Spång

Tel: 020 7426 9000

Cenkos Securities plc
(Financial adviser and Broker to Carlisle)
Nicholas Wells
Adrian Hargrave

Tel: 020 7397 8900

Bell Pottinger Corporate & Financial
Nick Lambert
Sarah Williams

Tel: 07811 358 764

Tel: 07904 932 904

Landsbanki Securities (UK) Limited, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Corporate Services Group in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Corporate Services Group for providing the protections afforded to the customers of Landsbanki Securities (UK) Limited or for providing advice in relation to the matters described in this announcement.

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for Carlisle in relation to the matters described in this announcement and is not advising any other person and accordingly will not be responsible to any person other than Carlisle for providing the protections afforded to the customers of Cenkos Securities plc or for providing advice in relation to the matters described in this announcement.

Further Information on the Possible Merger

The availability of the Possible Merger to Corporate Services Group shareholders and Carlisle shareholders who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Corporate Services Group

shareholders and Carlisle shareholders who are not resident in the United Kingdom will need to inform themselves about and observe any applicable requirements.

This announcement does not constitute an offer or invitation to purchase any securities or a solicitation of an offer to buy any securities, pursuant to the offer or otherwise.

Any securities that might be offered pursuant to the Possible Merger described in this announcement have not been registered under the applicable securities laws of the United States, Australia, Canada or Japan. Accordingly, any such securities may not be offered, sold or delivered, directly or indirectly, in or into the United States, Australia, Canada or Japan except pursuant to exemptions from applicable requirements of such jurisdictions.

The Possible Merger will be subject to the applicable rules and regulations of the UK Listing Authority, the London Stock Exchange, the Takeover Code and Belizean law.

Disclosure in accordance with Rule 2.10 of the City Code

In accordance with Rule 2.10 of the City Code on Takeovers and Mergers, Corporate Services Group confirms that it has 1,077,215,855 ordinary shares of 1 pence each in issue as at the close of business on 6 February 2008.

The ISIN reference for these securities is GB0002251600.

Dealing Disclosure Requirements

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

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Corporate Services Group by Corporate Services Group or Carlisle, or by any of their respective “associates”, must be disclosed by no later than

12.00 noon (London time) on the London business day following the date of the relevant transaction.

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

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

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

END