THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an admission document for the purposes of the AIM Rules, has been drawn up in accordance with such rules. This document is not a prospectus for the purposes of the prospectus rules and it has not been reviewed or approved by the Financial Services Authority. No offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Placing.

The Directors of Nationwide, whose names appear on page 5 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (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 contains no omission likely to affect the import of such information.

Application has been made for the whole of the issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc. 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 in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no other such applications have been made. It is expected that Admission will become effective and trading in the Ordinary Shares will commence on AIM on 4 July 2006. The whole text of this document should be read. The attention of prospective investors is drawn in particular to the risk factors set out in Part II of this document which should be carefully considered.

Nationwide Accident Repair Services plc

(Incorporated in England and Wales under the Companies Acts 1948-1967 with registered number 966807)

Admission to trading on AIM
Placing of 15,765,766 Ordinary Shares of 12.5p each
at 111p per share
by
Arbuthnot Securities Limited
Nominated Adviser and Broker

Ordinary share capital immediately following Admission

Authorised			*Issued and fully paid*	
Number	*Amount*		*Number*	*Amount*
64,000,000	£8,000,000	Ordinary Shares of 12.5p each	44,872,220	£5,609,027.50

Arbuthnot Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of Arbuthnot Securities Limited as the Company's nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director, Shareholder or any other person. Arbuthnot Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.

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 for distribution into the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa and the Ordinary Shares may not be offered or sold directly or indirectly within the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa or to, or for the account or benefit of, US persons or any national, resident or citizen of the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon in any respect whatsoever.

CONTENTS

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this document and should be read as an introduction to this document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. Any decision to invest in Ordinary Shares should be based on consideration of this document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Ordinary Shares and in particular the risk factors set out in Part II of this document.

Business

Nationwide provides automotive crash repair and accident administration services to the UK automotive insurance industry. With a network of 69 accident repair centres located across England, Scotland and Wales employing over 2,100 people, it is the largest dedicated provider of accident repair services in the UK. The Group's customer base includes insurance companies such as R&SA, Norwich Union, Equity Red Star and Zurich and fleet operators such as DHL.

Nationwide's strategy is to become the accident repair services supplier of choice to the UK insurance industry. The Board intends to effect this strategy through continued organic growth and further selective acquisitions. The crash repair market remains fragmented but is gradually consolidating. The Directors believe that consolidation is being driven by the opportunity to achieve greater economies of scale, the ability to manage capacity within a chain of sites and the increasing regulatory burden.

The Directors believe that Admission will benefit the Company by raising its profile amongst existing and potential customers and assist the Group in winning and retaining customer contracts and business by clarifying its long-term ownership. Admission will also provide the Selling Shareholders with an opportunity to realise part of the value of their investment. Furthermore, it will allow management and employees to invest in the Company and enable the Group to incentivise its senior management through participation in the Nationwide Share Scheme.

Financial Information

The following summary of the financial information of the Group for the three years ended 31 December 2005 and the three months ended 31 March 2006 has been extracted from the historical financial information on Nationwide set out in Parts IIIA and IIIC of this document:

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*	*Three months ended 31 March 2006 £'000*
Sales revenue	118,932	123,686	139,554	40,953
Gross profit	53,206	56,266	64,727	19,098
Operating profit	1,683	2,680	7,793	2,100
Profit before tax	1,465	2,017	7,299	2,115
Total equity	16,727	18,925	20,435	22,094
Under FRS 17				
Profit before tax	2,499	3,159	8,394	2,362
Total equity	(2,626)	(2)	4,484	6,316

The financial information for the year ended 31 December 2005 includes a non-recurring fee of £1 million paid to Troy under the terms of a management agreement between the Company and Troy and exceptional administrative profits of £4.75 million (2004: £0.2 million) (2003: £0.6 million). The 2003 audited accounts have been restated under IFRS.

Current trading and prospects

Trading in the first quarter of the current financial year has been ahead of Directors' expectations and better than the corresponding quarter for the year ended 31 December 2005. However, it should be noted that historically the first quarter of each year is the best performing quarter and is not necessarily representative of performance in the remaining three quarters. The Directors believe that Nationwide has considerable scope for further growth and that the Group is well placed to exploit current market consolidation opportunities. Consequently, the Directors view the Group's future with confidence.

Details of the Placing

Pursuant to the Placing, the Selling Shareholders will sell the Sale Shares raising approximately £17.5 million. The Company will not receive any proceeds from the Placing. Although the Placing is not underwritten, all of the Sale Shares have already been conditionally placed with institutional and other investors. The Placing is conditional upon, amongst other things, Admission becoming effective.

Risk Factors

Prior to investing in the Ordinary Shares, prospective investors should consider, together with the other information contained in this document, the risk factors set out in Part II of this document.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Michael Henry Marx *(Non-executive Chairman)* Michael Alfred Wilmshurst *(Chief Executive)* David John Loftus *(Finance Director)* Stephen David Gray Thompson *(Executive Director)* Jeremy James Brade *(Non-executive Director)* Alexander Mark Butcher *(Non-executive Director)* Lady Judge *(Non-executive Director)*
Registered Office and Principal Place of Business	17A Thorney Leys Park Witney Oxfordshire OX28 4GE
Company Secretary	Martin James Hickman-Ashby
Nominated Adviser and Broker	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street London EC2Y 9AR
Solicitors to the Company	Kirkpatrick & Lockhart Nicholson Graham LLP 110 Cannon Street London EC4N 6AR
Solicitors to the Nominated Adviser and Broker	Travers Smith 10 Snow Hill London EC1A 2AL
Auditors	Grant Thornton UK LLP Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Reporting Accountants	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Principal Bankers	The Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB
Financial Public Relations	Biddicks Mercury House Triton Court 14-18 Finsbury Square London EC2A 1BR

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 4 July 2006
CREST accounts credited	4 July 2006
Expected date of despatch of definitive share certificates	by 11 July 2006

Each of the times and dates in the above timetable is subject to change.

All references are to London times unless otherwise stated.

PLACING STATISTICS

Placing Price	111p
Number of Sale Shares being placed on behalf of the Selling Shareholders	15,765,766
Number of Ordinary Shares in issue immediately following Admission	44,872,220
Percentage of the Company's issued share capital being placed pursuant to the Placing	35 per cent.
Market capitalisation of the Company at the Placing Price on Admission	£49.8 million
AIM symbol	NARS
ISIN code	GB00B15RR673

PART I

Information on the Group

1. Introduction

Nationwide provides automotive crash repair and accident administration services to the UK automotive insurance industry. With a network of 69 accident repair centres located across England, Scotland and Wales employing over 2,100 people, it is the largest dedicated provider of accident repair services in the UK. The Group's customer base includes insurance companies such as R&SA, Norwich Union, Equity Red Star and Zurich and fleet operators such as DHL.

Nationwide's strategy is to become the accident repair services supplier of choice to the UK insurance industry. The Board intends to effect this strategy through continued organic growth and further selective acquisitions. The crash repair market remains fragmented but is gradually consolidating. The Directors believe that consolidation is being driven by the opportunity to achieve greater economies of scale, the ability to manage capacity within a chain of sites and the increasing regulatory burden.

The Directors believe that Admission will benefit the Company by raising its profile amongst existing and potential customers and assist the Group in winning and retaining customer contracts and business by clarifying its long-term ownership. Admission will also provide the Selling Shareholders with an opportunity to realise part of the value of their investment. Furthermore, it will allow management and employees to invest in the Company and enable the Group to incentivise its senior management through participation in the Nationwide Share Scheme.

2. History and Background

The Company was formerly known as Perry Group plc and is the holding company of a group which has been operating in the motor industry since 1908 when the founder, Harold Perry, started the Capital Screen and Hood Company. Harold Perry Motors subsequently listed on the Official List in 1972. Until 1994, the Company was primarily involved in motor retail and after-sales.

Between 1993 and 1994, the Group set up the Nationwide crash repair chain of UK accident repair centres (bodyshops). In the five years that followed, both the motor-dealer business and the bodyshop business developed within their respective markets and by 1998 Nationwide had increased its bodyshop network to 50. In 2001, the Group's operations were scaled down through the sale of the franchised motor-dealer business (Perrys Motor Sales). Following the sale of the motor-dealer business the Company changed its name to Nationwide Accident Repair Services plc.

In April 2002, Guinness Peat Group plc ("GPG") and J O Hambro Capital Management Limited ("JOHCM") acting on behalf of certain of its investment management clients completed a takeover of Nationwide, in the process delisting the Company from the Official List. Michael Wilmshurst, who had been advising GPG and JOHCM throughout the takeover process, was formally appointed Chief Executive of the Group in May 2002. In January 2003, David Loftus was appointed Finance Director and the head office was moved from Hertford to Witney, Oxfordshire.

At the time of the takeover in 2002, Nationwide had a large number of underperforming sites which were incurring significant losses. Since 2002, management has sold or closed a number of loss-making sites and implemented systems and controls to improve the performance of the remaining sites and monitor them more effectively. This strategy has resulted in increased profitability for the Group as a whole for the three years ended 31 December 2005. This increase in profitability has been achieved both organically, with investment in staff, equipment and premises, and through selective acquisitions. Nationwide has acquired 16 sites since 2002, including Gemini, which operated a network of 11 bodyshops, primarily in the West Midlands.

3. Business Operations

Nationwide provides automotive crash repair and accident administration services to insurance companies and car fleet operators through the following divisions:

- NCRC: a chain of 69 crash repair centres;
- NWS: a dedicated accident administration service centre; and
- Mobile Solutions: a fleet of 15 mobile units.

NCRC

NCRC comprises the Group's core business. NCRC currently operates a chain of 69 bodyshops divided into five geographical regions in England, Scotland and Wales.

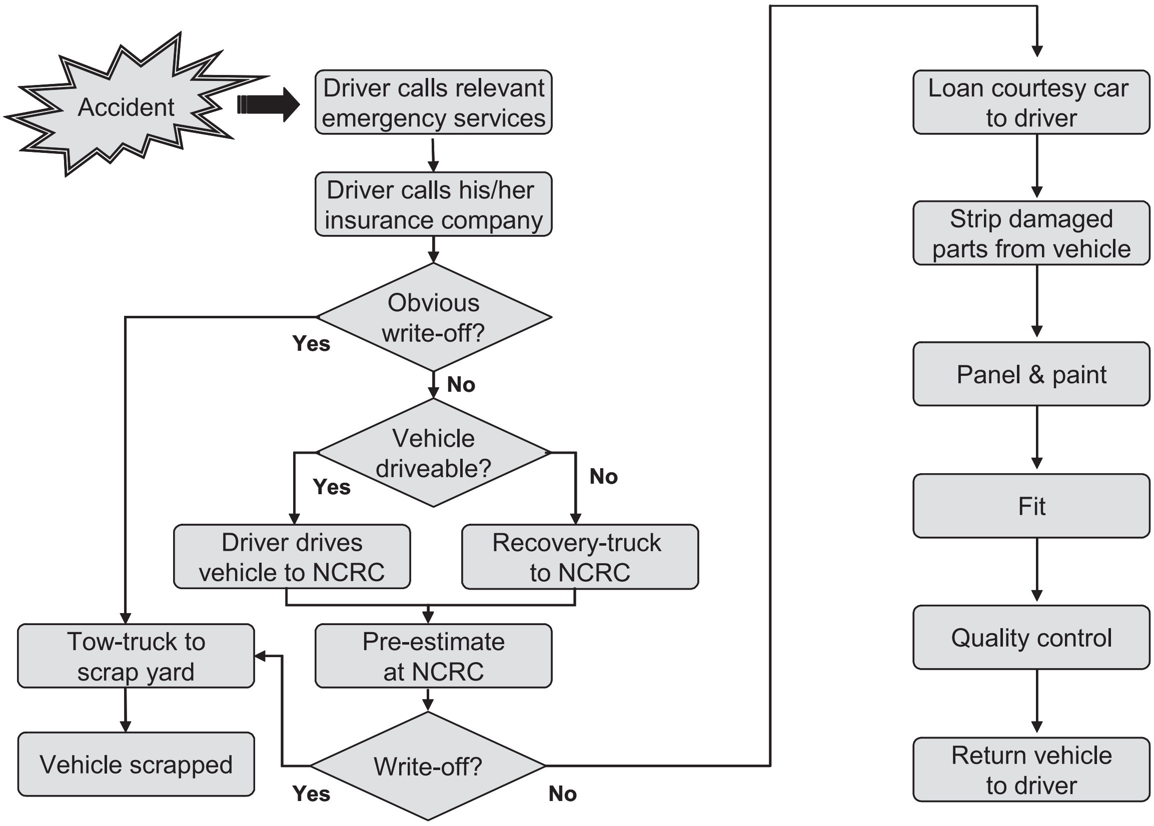
NCRC's bodyshops provide repair facilities principally to the UK insurance industry as well as a number of fleet operators. NCRC accounted for approximately 95 per cent. of the Group's turnover for the year ended 31 December 2005. The map below details the Group's bodyshop locations and highlights the fact that many of the sites are located in clusters thereby enabling the Company to benefit from economies of scale.

Each region consists of approximately ten to fifteen sites and is either managed by a regional manager or several territory managers. A territory manager would normally manage between three and six sites, while a general manager or bodyshop manager is responsible for managing an individual site.

Eight of the Group's sites carry out repair works exclusively for R&SA pursuant to the R&SA Contracts. The eight R&SA sites are managed both locally and as a separate group outside the five regional areas. The R&SA Contracts stipulate a pre-agreed level of business between Nationwide and R&SA, however, R&SA still provides the majority of its bodyshop work to other crash repair providers. Further details of the R&SA Contracts and the Group's other customers are set out in paragraph 7 of this Part I.

In repairing damaged vehicles, NCRC primarily sells labour hours, paint and parts. Labour rates are generally negotiated and agreed with each customer independently. NCRC purchases the majority of its paint requirements from Unipart Automotive (a distributor of PPG paint). Parts are sourced mainly from local dealerships, following an annual tendering process controlled by head office.

The diagram below shows the typical process following an accident.



Following notification to an insurance company by an individual involved in an accident, the insurance company will direct the driver to one of its approved repairers, such as NCRC, and send details of the driver and accident to the approved repairer. The approved repairer will then make contact with the driver to arrange collection or delivery of the vehicle. Depending on the insurance company in question, the driver is usually provided with a courtesy car at the time of collection or delivery. The courtesy car is provided free of charge to the driver, with the cost to NCRC absorbed within the rates agreed with the relevant insurance company.

The insured vehicle is assessed by NCRC and a repair estimate is normally prepared using one of two estimating systems, Audatex or Glassmatix. These systems are industry standard and are often approved and mandated by Nationwide's customers. The output can be sent to insurance companies electronically and is often supported by photographic images of the damaged vehicle.

Insurance company engineers normally review and, if appropriate, approve the estimate. Once a repair is deemed viable and is authorised, the repair process commences. An internal quality control form is signed off at each stage of the repair process.

Nationwide provides vehicle owners with a vehicle repair tracking facility on the Group's website. The system enables vehicle owners to log on and view the current status of a repair and its estimated completion date. The Group also utilises a bespoke software programme for recording and managing all operational data relating to each stage of the process providing management with timely and detailed information on the performance of individual sites and employees.

NWS

NWS provides accident administration services to a number of insurance companies, such as Equity Red Star, and to fleet operators such as DHL. NWS offers a dedicated call centre service, 24 hours per day, 365 days per year, that provides the first point of contact for drivers reporting an accident. The NWS call centre currently handles approximately 250 to 350 calls per day.

Whenever possible and practicable, NWS passes the repair business to NCRC depending on NCRC's capacity and the location of the accident. Failing this, the business is outsourced to an approved third party repairer. NWS charges both NCRC and third party repairers a referral fee on a per vehicle basis for all repairs referred to them.

NWS adds value to the Group through placing the majority of all crash repair work it manages with NCRC. In addition, NWS seeks to capture further business by repairing any other vehicles involved in an accident.

In addition to managing general administrative services associated with an accident, NWS provides other fee earning services including:

- Uninsured Loss Recovery: the recovery of a vehicle owner's uninsured losses arising from involvement in an incident from the 'at fault party'; and
- Third Party Claim Handling: NWS itself negotiates and settles claims against the vehicle owner where the vehicle owner is 'at fault'.

Certain Group administrative functions are also centralised within NWS including courtesy car administration. The Group currently leases approximately 3,300 courtesy cars.

Mobile Solutions

Mobile Solutions was launched in 2005 and currently consists of a fleet of 15 mobile units fitted with specialist equipment and manned by personnel with specialist training. The mobile units effectively create a shared resource between clusters of NCRC sites, enabling activities such as glass fitting, re-setting of airbags and air conditioning gassing or de-gassing to be performed in-house.

Organisation structure

The Group's head office function comprises eight people and is located in Witney, Oxfordshire. Finance and IT services are located at Witney, the Company Secretary is located in Hertfordshire and the Human Resources department in Warwick. Health and Safety compliance is controlled by three people who move between the repair centres. Each repair centre has management responsibility for the majority of its health and safety compliance.

David Loftus, the Group's Finance Director, is responsible for the Group's accounting function with support from the head office finance team, regional and site accountants. Regional accountants provide a link between head office and bodyshop management while the site accountants are responsible for the day-to-day accounting and data processing at each bodyshop.

4. The Market

The UK crash repair market is a distinct segment of the UK automotive aftermarket together with servicing, replacement and repair of mechanical and other parts, tyres and consumables and accessories. Independent research by Datamonitor on the United Kingdom Automotive Aftermarket published in December 2005 estimated that revenues (excluding labour) for the UK automotive aftermarket were approximately £7.8 billion in 2005 of which approximately 30 per cent. related to crash repairs.

According to the 2005 Bodyshop Magazine survey, there were a total of 6,717 individual bodyshops in the UK at the end of 2004. Approximately 48 per cent. of these sites were owned by small businesses operating either on a single site, or from a small number of satellite sites.

The crash repair market remains highly fragmented but is gradually consolidating. The 2005 Bodyshop Magazine Survey estimates that since 2000 the total number of bodyshops in the UK has decreased by approximately 25 per cent. with smaller bodyshops accounting for over 70 per cent. of this decrease.

The Directors believe that consolidation is being driven by the opportunity to achieve greater economies of scale and the ability to manage capacity within a chain of sites. There were a number of examples of consolidation during 2005, including Nationwide's acquisition of Gemini and the acquisition of Solus Accident Repair Centres by Norwich Union.

The Directors believe that changes to the regulatory environment are another major market force affecting the crash repair services industry. A current example of this is the requirement for the majority of bodyshops to move to water-based paints by January 2008. Where necessary, the painting facilities at 68 of Nationwide's sites have already been converted to comply with this requirement with the final site planned for conversion during 2006. The Directors believe that the increasing regulatory burden, including the need for ongoing investment to comply with regulatory changes, is another factor driving industry consolidation.

As the largest dedicated supplier of accident repair services in the UK, the Directors believe that the Group will continue to play a major role in the ongoing consolidation of the market.

5. Growth Strategy

Nationwide's strategy is to become the accident repair services supplier of choice to the UK insurance industry. The Board intends to effect this strategy through continued organic growth and further selective acquisitions.

The Directors believe there is significant scope within Nationwide to improve profitability further across its bodyshop network by:

(i) utilising NWS to market the Group's services to capture additional crash repair work;

(ii) leveraging existing customer relationships;

(iii) raising the performance of poorer performing individual sites by continuing to measure and monitor the performance of each site and ensuring the Group's best practice procedures are consistently applied across all sites;

(iv) improving margins through parts purchasing, paint purchasing and utilisation and labour efficiency; and

(v) increasing the use and effectiveness of Mobile Solutions for complex procedures to allow expensive equipment to be shared between clusters of sites.

The Directors believe that by applying Nationwide's operating model there is also the potential to capture significant benefits through selective acquisitions in the still highly fragmented crash repair services market to create strategic clusters of sites. In identifying and evaluating potential acquisition opportunities, Nationwide looks for the following key attributes:

(i) site(s) which create or enhance a strategic cluster by providing opportunities to manage capacity across a number of sites and improve efficiency; and/or

(ii) site(s) where the application of Nationwide's operating model could result in a significant increase in the site(s) operating performance.

Since the takeover of the Group in April 2002, Nationwide has completed the following acquisitions:

(i) three bodyshops acquired from Gowrings in June 2004;

(ii) an independent bodyshop in Nottingham in December 2004;

(iii) an independent bodyshop in Middlesbrough, also in December 2004; and

(iv) the entire issued share capital of Gemini in July 2005, with eleven bodyshops.

The total purchase price for the above acquisitions was £6.4 million and in the three months ended 31 March 2006, the 16 sites generated operating profit of approximately £318,000.

The success of an acquisition is influenced by the speed with which the Group can integrate the new bodyshops within its operating model and management structure. As soon as reasonably practicable following an acquisition, Nationwide's IT systems are adopted and senior operational staff are sent to the new bodyshops to implement the Group's standardised operating procedures. The Directors believe that the Group has been successful in integrating the above acquisitions, enabling the new bodyshops to contribute to the Group's results.

6. Sales and Marketing

Insurance companies typically operate a network of approved repairers, spreading their work across many different bodyshops. At present, none of Nationwide's leading customers give a single bodyshop operator exclusive national status, principally due to the high level of market fragmentation.

An approved network gives the insurer greater control over the cost of repairs and the quality of service both for itself and the end user (the insured party). Approval is typically generated on a postcode basis, with a supplier within each postcode being given first choice approval status and each postcode being negotiated separately. First choice approval status effectively means that all vehicle repair work (excluding HGVs) notified to the insurer for that area is deployed to the centre at the top of the insurer's approved centres list.

Nationwide's marketing and sales strategies are based around developing relationships with those responsible for procurement at most of the UK's major insurers. These relationships are cultivated both at local and national level. The Company's senior management meet the insurers and negotiate first choice approval status within specific postcode regions.

7. Customers

Nationwide derives the majority of its crash repair turnover from major UK insurance companies. During the three years ended 31 December 2005, its top ten customers have consistently accounted for approximately 70 per cent. of its turnover, with the top three accounting for over 40 per cent. The composition of the top ten and top three customers alters from year to year depending on each customer's underlying business. NCRC's major customers currently include R&SA, Norwich Union, Equity Red Star and Zurich.

Customer contracts normally cover expected service levels and cost of parts with labour rates negotiated on a site by site basis. The key purpose of the contracts is to recognise Nationwide's status as an approved supplier. The contracts do not grant exclusivity to Nationwide and, save in the case of the R&SA Contracts do not guarantee minimum levels of business. Contracts are typically on a rolling basis with either party able to terminate on three months' notice.

The five year R&SA Contracts were signed in November 2004. Under these contracts Nationwide provides eight sites dedicated exclusively to R&SA referred work. Under the terms of the R&SA Contracts, R&SA must provide a minimum monthly level of business to the relevant sites.

NWS' customer base includes insurance companies such as Equity Red Star and organisations with their own vehicle fleets such as DHL. At present, Mobile Solutions primarily provides services internally within the Group.

8. Competition

Nationwide is the largest dedicated operator of crash repair centres in the UK and, the Directors believe, the only dedicated operator with national coverage. In a survey undertaken by AM Magazine of the Top 50 independent bodyshops, published in November 2005, Nationwide was the largest dedicated operator with 71 sites (currently 69). The second largest was Just Car Clinics Group plc with 12 sites.

Other competitors for crash repair work include franchised dealer chains such as Pendragon which provide crash repair services in addition to their car dealership and other activities.

NWS competes with specialist accident management businesses such as WNS Assistance and Fleet Accident Repair Group. The Directors believe that, of these competitors, Nationwide is the only company which owns its own bodyshop network.

In the Directors' opinion the combination of the Group's national coverage, economies of scale and customer service give it a competitive advantage when competing for new business.

9. Properties

The head office site and majority of NCRC sites are leasehold, each with varying lengths and terms. All lease negotiations are handled by head office. The majority of sites are located on industrial estates and are approximately 10,000 to 20,000 sq.ft. in size.

The Group has vacated a number of properties in the last four years for which, in some cases, there are ongoing liabilities (provision for which is shown in the consolidated balance sheet of the Group in Part III of this document). The Group's policy is currently to maintain a leasehold rather than freehold property portfolio.

10. Suppliers

Parts purchases are generally made at each site from local suppliers. NCRC recently introduced an annual tendering process under which local suppliers to individual bodyshops are invited to tender for business for a one year period. This competitive situation challenges suppliers to provide their best prices. Franchised dealerships, as suppliers of original manufactured parts, are usually preferred to non-original parts wholesalers.

NCRC currently has an agreement in place with Unipart Automotive through which it sources the majority of its paint. This has been in place since 2000.

11. Summary Financial Information

Set out below is a summary of the Group's financial information for the three financial periods ended 31 December 2005 and the three months ended 31 March 2006 which has been extracted from the historical financial information on Nationwide set out in Parts IIIA and IIIC of this document:

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*	*Three months ended 31 March 2006 £'000*
Sales revenue	118,932	123,686	139,554	40,953
Gross profit	53,206	56,266	64,727	19,098
Operating profit	1,683	2,680	7,793	2,100
Profit before tax	1,465	2,017	7,299	2,115
Total equity	16,727	18,925	20,435	22,094
Under FRS 17				
Profit before tax	2,499	3,159	8,394	2,362
Total equity	(2,626)	(2)	4,484	6,316

The financial information for the year ended 31 December 2005 includes a non-recurring fee of £1 million paid to Troy under the terms of a management agreement between the Company and Troy and exceptional administrative profits of £4.75 million (2004: £0.2 million) (2003: £0.6 million). The 2003 audited accounts have been restated under IFRS.

Nationwide adopted IFRS as at 31 December 2005 and the financial information set out above for the three years ended 31 December 2005 is stated under IFRS.

Revenue for the financial year ended 31 December 2005 was approximately £139.6 million (2004: £123.7 million), representing an increase of 13 per cent. compared with the previous year. Of this £15.9 million increase, approximately £7.3 million arose from organic growth with the balance arising from the acquisitions detailed in paragraph 5 of this Part I.

Gross profit for the financial year ended 31 December 2005 was approximately £64.7 million (2004: £56.3 million), representing an increase of 15 per cent. compared with the previous year. This increase was due to improvements in the Group's purchasing power, capacity utilisation and labour efficiency.

The Group has a pension fund deficit in its defined benefit pension scheme, which it accounts for under the "corridor" approach permitted under IAS 19, rather than a treatment similar to FRS 17. Under the "corridor" approach, the pension deficit is not recognised on the balance sheet and actuarial gains and losses are not recognised as expenses or income unless the cumulative unrecognised gains and losses exceed 10 per cent. of the greater of the obligation and related plan assets. The amount exceeding 10 per cent. is charged or credited to the income statement over the employees' expected remaining service lives. Under FRS 17 the deficit would be recognised in the balance sheet and any actuarial movement would not be shown in the income statement.

As at 31 December 2005, the deficit on an FRS 17 basis was £21 million (£15 million net of deferred tax). The Company has agreed with the trustees of the pension scheme a Scheme Specific Funding deficit of approximately £15 million, and to make annual contributions of approximately £2.3 million (increasing annually by Retail Price Index) with a view to eradicating this deficit over a period of approximately 7.5 years.

The defined benefit element of the fund was closed to new members on 1 January 2002 and the Company has recently agreed with the trustees (following a period of consultation) to close the scheme for future accrual for existing members.

12. Current Trading and Prospects

Trading in the first quarter of the current financial year has been ahead of Directors' expectations and better than the corresponding quarter for the year ended 31 December 2005. However, it should be noted that historically the first quarter of each year is the best performing quarter and is not necessarily representative of performance in the remaining three quarters. The Directors believe that Nationwide has considerable scope for further growth and that the Group is well placed to exploit the current market consolidation opportunities that exist. Consequently, the Directors view the Group's future with confidence.

13. Reasons for Admission

The Directors believe that Admission will benefit the Company by raising its profile amongst existing and potential customers and assist the Group in winning and retaining customer contracts and business by clarifying its long-term ownership. Admission will also provide the Selling Shareholders with an opportunity to realise part of the value of their investment. Furthermore, it will allow management and employees to invest in the Company and enable the Group to incentivise its senior management through participation in the Nationwide Share Scheme.

14. Details of the Placing

The Placing comprises the sale of 15,765,766 Sale Shares, representing approximately 35 per cent. of the issued Ordinary Shares on Admission, at the Placing Price, to raise approximately £17.5 million for the Selling Shareholders. The Company will not receive any proceeds from the sale of the Sale Shares. On Admission, the Company will have a market capitalisation at the Placing Price of approximately £49.8 million. The Existing Shareholders will retain 65 per cent. of the issued Ordinary Shares following Admission and such Ordinary Shares held by them are the subject of the Lock-In Agreements described in paragraph 15 of this Part I.

Under the Placing Agreement, Arbuthnot has agreed to use its reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price and has already conditionally placed all of the Sale Shares at the Placing Price with institutional and other investors. The Placing is conditional upon, *inter alia*, Admission taking place by 8.00 a.m. on 4 July 2006 (or such later date, being not later than 3.00 p.m. on 18 July 2006, as the Company and Arbuthnot shall agree). The Placing Agreement contains provisions entitling Arbuthnot to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Arbuthnot.

In connection with Admission, the Company, Arbuthnot and Troy have entered into the Tax Indemnity under which Troy indemnifies the Company in respect of any liability to PAYE and employee's National Insurance contributions on the non-recurring fee of £1 million paid to Troy in 2005 and £2.5 million payable to Troy on Admission under the management agreement referred to at paragraph 11.1 of Part IV of this document. Troy's liability under the Tax Indemnity is unsecured, not guaranteed and capped at £500,000, plus amounts equal to any repayments of corporation tax paid or payable by Troy. No indemnity is given in respect of employer's National Insurance contributions. The Company has been advised that the risk of HMRC assessing the Company to PAYE income tax and National Insurance contributions in respect of the non-recurring fees paid to Troy is remote.

Further details of the Placing Agreement and Tax Indemnity are set out in paragraph 11 of Part IV of this document.

Michael Wilmshurst and David Loftus (and their connected persons) have agreed, conditional on Admission, to purchase 1,405,405 Sale Shares at the Placing Price, representing 3.1 per cent. of the issued share capital. Further details of the Directors' holdings of Ordinary Shares are set out in paragraph 6 of Part IV of this document.

15. Lock-In and Orderly Market Agreements

Each of Michael Wilmshurst and David Loftus (and their connected persons) have entered into the Lock-In Agreements in respect of all of their Ordinary Shares following Admission. In addition, the Ordinary Shares held by the Existing Shareholders following Admission are subject to the Lock-In Agreements. The terms of these agreements are described more fully in paragraph 11 of Part IV of this document.

Under the terms of the Lock-In Agreements, Michael Wilmshurst and David Loftus (and their connected persons) have conditionally agreed not to sell, transfer or otherwise dispose of any Ordinary Shares held by them at Admission, other than in certain specified circumstances, for a period of 12 months following Admission. The Ordinary Shares held by the Existing Shareholders at Admission are also subject to these restrictions. In addition Michael Wilmshurst, the Chief Executive of the Company, has agreed not to dispose of more than half of his Ordinary Shares in the second year following Admission.

Michael Wilmshurst and David Loftus (and their connected persons) have also agreed that until the second (or in Michael Wilmshurst's case, the third) anniversary of Admission, any sale or disposal of Ordinary Shares held by them will be effected through Arbuthnot for such time as it remains the Company's broker under the AIM Rules. In addition, the Ordinary Shares held by the Existing Shareholders at Admission are subject to these restrictions until the second anniversary of Admission.

The Lock-In Agreements outlined above will apply in respect of 30,511,859 Ordinary Shares representing approximately 68.0 per cent. of the issued share capital of the Company on Admission.

16. Directors, Senior Management and Employees

The Board comprises three executive Directors and four non-executive Directors (including the Non-executive Chairman).

Directors

Michael Marx, *Non-executive Chairman*, aged 59. Michael was appointed Non-executive Chairman in June 2006. He is currently Executive Deputy Chairman and Finance Director of Development Securities plc. Michael is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the UK Listing Authority Advisory Committee. He is also a non-executive director of FIBI Bank (UK) PLC and was Finance Director and Commercial Director of Heron International plc from 1981 to 1994.

Michael Wilmshurst, *Chief Executive,* aged 46. Michael has extensive automotive sector experience, with TWR, HR Owen and European Motor Holdings. At HR Owen, aged 31, he was head of the luxury division including Rolls Royce, Jaguar, Ferrari and Land Rover. After European Motor Holdings he set up Troy in 2000 and formally joined Nationwide in May 2002, having been an active member of the team that took the Company private.

David Loftus, *Finance Director,* FCA, MBA, BA (Hons), aged 45. David joined Nationwide in January 2003 as Finance Director. After qualifying as a chartered accountant with Spicer & Pegler (now part of Deloitte) he spent four years as an audit manager. In 1990, he joined Brunel Holdings plc (formally BM Group plc) as group accountant and from 1996 until 2002, when the business was sold, he was Finance Director.

Stephen Thompson, *Executive Director,* aged 33. Stephen has extensive multi-site experience in the automotive sector. He was appointed director for Silver Shield Windscreens, and a divisional director for KwikFit. After that he was a commercial managing director for Phones4U Ltd. He joined Nationwide in January 2005, since when he has been responsible for developing NWS and Mobile Solutions, and became a director of Nationwide in June 2006.

Jeremy Brade, *Non-executive Director,* aged 45. Jeremy was appointed Non-executive Director in May 2002. Jeremy is a director of J O Hambro Capital Management Limited and a partner of North Atlantic Value LLP where he manages European and US private equity investments.

Mark Butcher, *Non-executive Director,* aged 48. Mark was appointed Non-executive Director in May 2002. Mark is a director of GPG (UK) Holdings plc and Senior UK Investment Manager of Guinness Peat Group plc, where he manages a significant proportion of that company's investments.

Lady Judge, *Non-executive Director,* aged 59. Lady Judge was appointed Non-executive Director in June 2006. Lady Judge is a lawyer and international banker and is currently Deputy Chairman of Friends Provident Public Limited Company, and of the Financial Reporting Council and a director of various other public and private companies. Previously she was a Commissioner of the US Securities and Exchange Commission, and a director of News International plc and of Samuel Montagu & Co. Ltd.

Michael Wilmshurst's services are provided pursuant to a management services contract with Troy, a company which is wholly owned by him. Further details of the management services contract and additional services provided to the Company, are set out in paragraphs 8 and 11 of Part IV of this document.

Senior Management

Martin Hickman-Ashby, Company Secretary, aged 59. Martin joined Nationwide in July 1986 as group accountant and was appointed Company Secretary in 1988. Prior to joining Nationwide, Martin was employed by Unilever plc for 22 years in various management positions, both in the UK and overseas. He is a Chartered Certified Accountant and a member of the Chartered Management Institute.

Employees

The Group currently employs over 2,100 people, with approximately 30 operational staff per site.

17. Share Incentive Scheme

The Directors recognise the importance of ensuring that senior management are well motivated and identify closely with the success of the Company. Accordingly, the Company has, at the date of Admission, established the Nationwide Share Scheme, further details of which are set out in paragraph 12 of Part IV of this document.

On Admission, the Company will have 4,262,861 Ordinary Shares, representing 9.5 per cent. of the issued share capital, under option under the Nationwide Share Scheme. The Directors have determined that after Admission further options under the Nationwide Share Scheme may be granted to selected key employees and/or new joiners of the Group (such options not to exceed the maximum limit set out in the Nationwide Share Scheme, further details of which are set out in paragraph 12.3 of Part IV of this document).

18. Admission, Settlement and CREST

Application has been made to London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. Admission of the Ordinary Shares is expected to take place on 4 July 2006.

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. Application has been made by the Company's Registrars for the Ordinary Shares to be admitted to CREST with effect from Admission and CREST has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that share certificates for Ordinary Shares will be despatched by the Company's Registrars by first class post to those Shareholders whose entitlements are to be dealt with outside CREST at the risk of the person entitled thereto no later than 11 July 2006 and that the accounts of those Shareholders who have requested that their entitlements are dealt with inside CREST will be credited immediately following Admission.

19. Corporate Governance and Share Dealing Code

Whilst the Company is not subject to the Combined Code applicable to companies listed on the Official List, the Directors recognise the importance of sound corporate governance. The Company intends to comply with the Corporate Governance Guidelines for AIM Companies as published by the Quoted Companies Alliance (as far as applicable).

The Directors have established an Audit Committee, Remuneration Committee and Nominations Committee, each with formally delegated rules and responsibilities. Each of the committees currently comprises two of the Non-executive Directors and will meet at least twice each year in respect of the Audit Committee and once each year in respect of each of the Nominations Committee and Remuneration Committee.

The Company will hold at least eight board meetings throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions.

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. It will meet once a year with the auditors without executive board members present. The Audit Committee will comprise two Non-executive Directors of the Company and will be chaired by Michael Marx.

The Remuneration Committee will review the performance of the Executive Directors and will set and review the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee will seek to attract and retain executives of the highest calibre. The Remuneration Committee will also make recommendations to the Board concerning the allocation of share options to employees. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee will comprise two Non-executive Directors and will be chaired by Michael Marx.

The Nominations Committee will meet as required for the purpose of considering new or replacement appointments to the Board. The Nominations Committee will comprise two Non-executive Directors of the Company and will be chaired by Michael Marx.

The Company has adopted a model code for Directors' and key employees' share dealings which the Directors believe is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and in addition will take all reasonable steps to ensure compliance by the Group's applicable employees.

20. Dividend Policy

The Directors believe that the Company's dividend policy should take into account the need to retain sufficient funds to finance the further development of the Group's business and the availability of distributable reserves.

The Directors currently intend to pursue a progressive dividend policy which broadly reflects the growth in underlying earnings over time and Group prospects, based on a dividend cover of 2.5 to 3 times, and to pay final and interim dividends in May and November of each year respectively. Interim dividends are expected to represent approximately one-third of the total annual dividend paid. The Directors anticipate that the first dividend to be paid, subject to approval at the Company's Annual General Meeting, will be a final dividend in respect of the financial year ended 31 December 2006.

21. Taxation

The attention of investors is drawn to the information regarding taxation in relation to the Admission, which is set out in paragraph 15 of Part IV of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK are strongly advised to consult their professional advisers.

22. Risk Factors

The Group's business is dependent on many factors and potential investors should read the whole of this document, and in particular Part II headed "Risk Factors".

23. Further Information

The attention of potential investors is drawn to the information contained in Parts II to IV of this document which provide additional information on the Group.

PART II

Risk Factors

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Ordinary Shares.

The Directors consider the following risk factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Group's business.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Reliance on key customers

The majority of the revenue earned by Nationwide is derived from a relatively small number of customers, all of whom contract with the Group on a non-exclusive basis. For the three years ended 31 December 2005, Nationwide's top ten customers accounted for approximately 70 per cent. of the Group's total turnover with the top three accounting for over 40 per cent. The composition of the top ten and top three customers alters from year to year depending on each customer's underlying business. Apart from the R&SA Contracts, which specify a minimum monthly level of business to be referred by R&SA, the bulk of the Group's business is referred under framework agreements which can be terminated on three months' notice. These agreements do not guarantee a level of business and there is a risk that the levels of referrals could diminish or that such agreements could be terminated.

Loss of turnover from any one of its top customers (either as a result of external factors, such as mergers and acquisitions within the insurance industry, insurers developing their own crash repair facilities or other factors such as performance on contracts) and/or expiry or termination without renewal of its material customer contracts could adversely affect Nationwide's business and results. In addition, the failure of one or a number of these major customers to settle debts due to Nationwide in a timely fashion could have a negative impact on Nationwide's financial position.

Ability to identify and integrate suitable additions to the bodyshop network

During the last few years, the Group has made several successful acquisitions to expand its bodyshop network. The Directors believe that the Group's future growth will in part depend on its ability to continue to identify suitable additions to its bodyshop network. The bodyshop market as a whole appears to be consolidating, thereby reducing the number of bodyshops available for acquisition. The inability of Nationwide to identify and then integrate successfully suitable additions to the bodyshop network may limit Nationwide's growth and adversely affect the Group's future financial performance.

Key management and staff

The Group is dependent on certain key executives and personnel for its success. There can be no assurance that it will be able to retain the services of key employees. In the event that key personnel choose not to remain with Nationwide, there is a risk that these key personnel may participate in a competing business. While employment contracts for key personnel contain non-compete arrangements, there is no assurance that these arrangements will be enforceable.

In addition, the Group relies upon employing highly skilled personnel within the bodyshops and such personnel are in short supply. The Group's ability to recruit, motivate and retain such personnel will be important to its development and there can be no assurance that the Group will be able to do so given the high degree of competition for such personnel within the market place. As a consequence, the business may suffer if the Group fails to attract, hire or retain suitably skilled employees.

Labour rates

As stated above, the Group relies upon attracting and retaining key personnel within the bodyshops. The Group's profits may be adversely affected if the cost of labour was to increase significantly. The Directors do not expect the current labour costs to increase significantly in the short term. However, there can be no assurance that labour costs will not increase as the construction of cars becomes more complex and thus the skills required to repair them increase.

Pension funding risk

As set out in paragraph 11 of Part I, the Group operates a pension scheme which includes a defined benefit section which has a significant pension fund deficit. The FRS 17 valuation as at 31 December 2005 calculated that the scheme was approximately £21 million in deficit (£15 million net of deferred tax). The deficit could be adversely affected by the way assets of the scheme are invested by the trustees and the performance of these assets. The value of the pension deficit is also dependent upon the assumptions used to calculate the pension liability and is likely to vary from year to year. These assumptions include assumptions of long-term future inflation rates, AA-rated corporate bond yields and mortality rates of the scheme's beneficiaries. Should these assumptions prove incorrect there is a risk that the deficit may increase.

The Directors are aware of the Company's obligations and keep the pension scheme situation under constant review. There is a risk that the increased funding rate may prove insufficient to address the deficit and/or that the trustees or the Pensions Regulator may require the deficit to be addressed over a different time period to that originally agreed by the Company and the trustees, in which case there may be an impact on the financial position of the Group.

Competition

Barriers to entry in the general automotive body repair services market at a local level are low. Although barriers to establishing a national or specialist business in this sector are higher, the Group is not able to assure Shareholders that these barriers will remain or will deter new entrants or existing competitors. In addition, there is the potential for local operators to overcome these barriers and establish national networks by forming alliances.

There is also the potential for insurance companies, brokers and/or providers of services to motorists or other consumer companies to enter the market, either alone or in collaboration with service providers such as the Group. If the Group is unable to respond adequately to the competitive challenges, it may lose market share.

Regulatory risks

The business undertaken by NWS became subject to regulation by the FSA in January 2005. Whilst the Group seeks to conduct its business in compliance with applicable regulations there remains a risk of further regulatory changes which may increase risk and/or have an adverse effect on the Group's future operations.

Seasonality

Industry revenues and operating profits are substantially weighted towards the colder and wetter months of the year, particularly the months of October to March. A significant portion of the staff costs and overheads of the Group are fixed and cannot be adjusted according to short-term fluctuations in business activities. The Group manages its cost base and its investment decisions in line with forecast activity levels and prior experience. However, any shortfall in revenues during peak trading periods against those anticipated could have an impact on the Group's profitability and results.

Operational risks and systems

Operational risks are present in all parts of Nationwide's business, including the risk of direct and/or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events. The Group's business is dependent on processing a large number of repairs in its 69 bodyshops across the country. The Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled, but any significant weakness in the system, process or business continuity arrangements could have a negative impact on its results or operations during the affected period.

Environmental risks

The Group is regulated by environmental laws and regulations in connection with its operations, including, among other things, with respect to paints and disposal of damaged parts. Where necessary, the Group has converted the painting facilities at 68 of its sites, with the final site planned for conversion during 2006, from using solvent-based paint to water-based paint in advance of new environmental regulations which come into effect in January 2008.

The Group has incurred, and will continue to incur, cost to comply with environmental laws and regulations. There can be no assurance that compliance with existing or future environmental legislation and regulations will not require further material expenditure by the Group or otherwise have an adverse effect on the Group's operations.

Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline

Although certain Directors and Existing Shareholders are subject to Lock-In Agreements, these are short-term in nature. There can be no assurance that they or other Shareholders will not elect to sell their Ordinary Shares at some future stage. The market price of Ordinary Shares could decline as a result of any sales of such Ordinary Shares or as a result of the perception that these sales may occur.

The Group may need access to additional capital in the future

As identified above, the Group's future growth will in part depend on its ability to identify suitable additions to its bodyshop network. If the Group's acquisition targets vary materially from its current plans, the Group may require further financing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on the financing and operating activities of the Group. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to the Group. If the Group is unable to obtain additional financing as needed, the Group's growth may be limited and its future financial performance adversely affected.

Dividends

The Directors' decision to declare or pay dividends on the Ordinary Shares will depend on various factors including the performance of the Group's businesses. In addition, any change in the tax treatment of dividends paid by the Company may reduce the level of yield received by Shareholders. There can be no guarantee that the Company's objectives will be achieved.

Liquidity of the Ordinary Shares and the AIM market generally

It may be more difficult for an investor to realise his or her investment on AIM than to realise an investment in a company whose shares or other securities are quoted on the Official List. The AIM Rules are less demanding than those of the UK Listing Authority. An investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share quoted on the Official List.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Group and its operations and some affecting quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Admission, the Company will have a limited number of Shareholders. Historically, the market for shares in smaller public companies (which would include the Company) has been less liquid than for larger public companies. The Company is aiming to achieve capital growth and, therefore, the Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on the trading of small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

PART III

Financial Information on the Group

A. Historical financial information for the three years ended 31 December 2005

1. Introduction

The financial information on Nationwide Accident Repair Services plc set out in this section A of Part III has been prepared solely for the purpose of this AIM Admission Document.

2. Basis of preparation

The financial information set out below for the three years ended 31 December 2005 is based on the audited consolidated financial statements of the Group. This information has been prepared on the going concern basis, under the historical cost convention and in accordance with applicable IFRS.

3. Responsibility

The Directors are responsible for the financial information and the contents of this document in which it is included.

4. Accounting policies

Overall consideration

The significant accounting policies that have been used in the preparation of the consolidated financial information are summarised below.

The consolidated financial information has been prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Consolidation

Subsidiaries are all entities over which the Group has power to control the financial and operating policies. The consolidated financial information incorporates the financial statements of the parent company as well as those entities controlled by the Group by full consolidation.

In addition, acquired subsidiaries are subject to the application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of identifiable net assets of the acquired subsidiary at the date of acquisition.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statements for their respective periods of ownership. Intercompany trading is eliminated from these accounts where appropriate.

Income and expense recognition

Revenue is recognised upon the performance of the service once authority has been given by the customer to undertake this work. Intra-Group sales and value added tax are excluded.

Operating expenses (with the exception of the IAS19 pension adjustment) are recognised in the income statement upon utilisation of the service. Interest income and expenditure are reported on an accruals basis.

Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Property, plant and equipment

All property, plant and equipment is recognised at cost.

Buildings, fittings and furniture are carried at acquisition cost less subsequent depreciation and impairment losses.

The cost of property, plant and equipment is depreciated on a straight line basis taking into account estimated residual values.

The useful lives of property, plant and equipment can be summarised as follows:

Buildings	– 5 to 25 years
Plant and equipment	– 3 to 10 years
IT equipment	– 3 years

Leases

Payments on operating leases are recognised as an expense on a straight line basis.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

The Group's goodwill, other intangible assets and property, plant and equipment are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories comprise materials and direct labour. At the balance sheet date inventories are carried at the lower of cost and net realisable value. Stock is valued using weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Accounting for income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable income for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. This applies also to temporary differences associated with shares in subsidiaries and joint ventures if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity (such as the revaluation of land) are charged or credited directly to equity.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short-term highly liquid investments such as money market instruments and bank deposits. Money market instruments are financial assets carried at fair value.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value at initial recognition as reduced by appropriate allowances for estimated irrecoverable amounts.

Equity

Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserve comprises gains and losses due to the revaluation of property, plant and equipment.

Retained earnings include all current and prior period results as disclosed in the income statement.

The capital redemption reserve was created on the acquisition by the Company of its own shares.

Pension obligations and short-term employee benefits

Pensions to employees are provided under a pension scheme which includes a defined benefit section as well as a defined contribution section.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The Group retains a legal obligation to fund the benefits under this kind of pension plan if the plan assets are insufficient or the benefits promised are more expensive than anticipated. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The asset/liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are not recognised as an expense unless the total unrecognised gain or loss exceeds 10 per cent. of the greater of the obligation and related plan assets. The amount exceeding this 10 per cent. is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10 per cent. corridor are disclosed separately. Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Financial liabilities

The Group's financial liabilities include bank loans and overdrafts, trade and other payables liabilities. They are included in balance sheet line items 'long-term financial liabilities' and 'trade and other payables'.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as expenses in "finance cost" in the income statement.

Bank loans are raised to support the long term funding of the Group's operations. They are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Dividend distributions to Shareholders are included in 'other short term financial liabilities' when the dividends are approved by the Shareholders' meeting.

Other provisions, contingent liabilities and contingent assets

Other provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain, as a separate asset not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated balance sheet, unless assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

5. Consolidated balance sheets

	Notes	*As at 31 December 2003 £'000*	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Assets				
Non-current				
Goodwill	9.3	—	—	4,648
Property, plant and equipment	9.4	8,515	8,965	9,718
Pension and other employee assets	9.6	3,560	2,656	1,991
Deferred tax assets	9.9	227	32	—
		12,302	11,653	16,357
Current				
Inventories	9.7	2,144	2,112	2,767
Trade and other receivables	9.8	18,108	17,410	22,162
Cash and cash equivalents	9.10	6,381	8,898	4,114
		26,633	28,420	29,043
Total assets		38,935	40,073	45,400
Equity				
Equity attributable to the Shareholders				
Share capital	9.11	5,609	5,609	5,609
Capital redemption reserve		1,000	1,000	1,000
Share premium account		11,104	11,104	11,104
Revaluation reserve		8	8	8
Retained earnings		(994)	1,204	2,714
Total equity		16,727	18,925	20,435
Liabilities				
Non-current				
Provisions	9.12	508	379	480
Deferred tax liabilities	9.9	—	—	343
		508	379	823
Current				
Provisions	9.12	613	407	216
Trade and other payables	9.13	21,087	20,362	23,311
Current tax liabilities	9.14	—	—	615
		21,700	20,769	24,142
Total liabilities		22,208	21,148	24,965
Total equity and liabilities		38,935	40,073	45,400

The accompanying notes form an integral part of the financial information.

6. Consolidated statements of changes in equity

	Share Capital £'000	*Capital Redemption Reserve £'000*	*Share Premium Account £'000*	*Revaluation Reserve £'000*	*Retained Earnings £'000*	*Total £'000*
Balance at 1 January 2003	6,609	—	11,104	8	5,161	22,802
Purchase of own shares	(1,000)	1,000	—	—	(4,000)	(4,000)
Profit for the year	—	—	—	—	1,845	1,845
Dividend paid (see note 9.19)	—	—	—	—	(4,000)	(4,000)
Balance at 31 December 2003	5,609	1,000	11,104	8	(994)	16,727
Profit for the year	—	—	—	—	2,198	2,198
Balance at 31 December 2004	5,609	1,000	11,104	8	1,204	18,925
Profit for the year	—	—	—	—	6,510	6,510
Dividend paid (see note 9.19)	—	—	—	—	(5,000)	(5,000)
Balance at 31 December 2005	5,609	1,000	11,104	8	2,714	20,435

The accompanying notes form an integral part of the financial information.

7. Consolidated income statements

	Notes	Year ended 31 December 2003 £'000	Year ended 31 December 2004 £'000	Year ended 31 December 2005 £'000
Sales revenue				
Continuing operations		118,932	123,686	131,005
Acquisitions		—	—	8,549
		118,932	123,686	139,554
Cost of sales		(65,726)	(67,420)	(74,827)
Gross profit		53,206	56,266	64,727
Distribution costs		(29,696)	(31,074)	(34,876)
Administrative expenses (before exceptional items)		(22,418)	(22,687)	(26,808)
		1,092	2,505	3,043
Other administrative items				
Profit on sale of operations		249	175	—
Profit on the sale of fixed assets and investments		342	—	4,750
Operating profit	9.15	1,683	2,680	7,793
Finance income	9.17	414	309	379
Finance costs	9.17	(632)	(972)	(873)
Profit for the year before tax		1,465	2,017	7,299
Tax credit/(expense)	9.18	380	181	(789)
Profit for the year		1,845	2,198	6,510
Earnings per Share	9.19	7.6p	9.8p	29.0p

The accompanying notes form an integral part of the financial information.

8. Consolidated cash flow statements

	Notes	*Year ended 31 December 2003 £'000*	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Operating activities				
Profit for the year before tax		1,465	2,017	7,299
Adjustments	9.20	3,821	5,212	634
Changes in inventories		(119)	177	(252)
Changes in trade and other receivables		14,417	(1,373)	(1,630)
Changes in trade and other payables		(4,756)	(813)	(499)
Changes in provisions		493	192	125
Outflow from pension obligations		(2,498)	(2,520)	(2,582)
Outflow from provisions		(1,097)	(527)	(215)
Tax received/(paid)		727	376	(113)
Net cash from operating activities		12,453	2,741	2,767
Investing activities				
Additions to property, plant and equipment		(1,682)	(1,959)	(2,424)
Proceeds from the disposal of property, plant and equipment		2,842	88	208
Acquisition of businesses – cost		—	(908)	(4,665)
Acquisition of businesses – debt acquired		—	—	(799)
Disposal of businesses		—	175	—
Finance income received		414	309	379
Finance costs paid		(7)	—	—
Net cash from/(used in) investment activities		1,567	(2,295)	(7,301)
Financing activities				
Proceeds from encashment of loan notes		1,125	2,071	—
Dividend paid		(4,000)	—	(5,000)
Redemption of ordinary share capital		(4,000)	—	—
Proceeds from disposal of preference shares		—	—	4,750
Net cash (used in)/from financing activities		(6,875)	2,071	(250)
Net increase/(decrease) in cash and cash equivalents		7,145	2,517	(4,784)
Cash and cash equivalents at beginning of year		(764)	6,381	8,898
Cash and cash equivalents at end of year		6,381	8,898	4,114

The accompanying notes form an integral part of the financial information.

9. Notes to the financial information

9.1 *Nature of operations*

The Group's principal activity is the provision of support services to the motor insurance industry. Currently, this includes the repair of motor vehicles in the Group's wholly-owned sites and the provision of accident claim management services.

The following is a list of the principal subsidiary undertakings of which the Company is either directly, or through subsidiary undertakings, the beneficial owner of the whole of the equity share capital as at 31 December 2005. All companies are engaged in motor trade activities. All are incorporated in England and Wales.

Nationwide Crash Repair Centres Limited

Gemini Accident Repair Centres Limited

Network Services (Nationwide) Limited

Mobile Vehicle Repairs Limited

The trading activity of Gemini Accident Repair Centres Limited was transferred to Nationwide Crash Repair Centres Limited after acquisition on 1 July 2005.

9.2 *Acquisition*

On 1 July 2005, Nationwide Crash Repair Centres Limited (a wholly owned subsidiary of Nationwide Accident Repair Services plc) acquired 100 per cent. of the share capital of Gemini Accident Repair Centres Limited. Subsequently, the assets and liabilities were transferred out of Gemini Accident Repair Centres Limited to Nationwide Crash Repair Centres Limited.

The total cost of the acquisition includes the components stated below. The purchase price was settled in cash.

	£'000
Purchase price	4,530
Due diligence costs including legal fees	135
Total cost	4,665
Fair value of assets acquired	(17)
Goodwill	4,648

The allocation of the purchase price to the assets and liabilities of Gemini Accident Repair Services Limited is as follows:

	Notes	*At acquisition £'000*	*Fair value adjustments £'000*	*Total £'000*
Non-current assets				
Goodwill	(a)	308	(308)	—
Property, plant and equipment	(c)	1,420	(367)	1,053
Current assets				
Inventories	(d)	587	(183)	404
Trade and other receivables		3,126	—	3,126
Total Assets		5,441	(858)	4,583
Non-current liabilities				
Deferred tax liabilities		177	—	177
Current liabilities				
Bank borrowings		799	—	799
Trade and other payables		3,452	—	3,452
Current tax liabilities		138		138
Total liabilities		4,566	—	4,566
Net assets		875	(858)	17

Fair value adjustments:

(a) goodwill arising on previous acquisitions has been written off

(b) on acquisition, the value of other intangible assets was considered and no value was attributed

(c) fair values were placed on all property, plant and equipment at the date of acquisition

(d) the accounting policy for valuing work in progress was changed to bring it into line with Group policy

It is not possible to determine the revenue and profit for this acquisition for the period 1 January 2005 to 30 June 2005, as the acquisition did not have a coterminous year end and the information cannot reliably be extracted from the accounting records. The amount of profit included in the Group accounts in relation to the acquisition was £256,000 in respect of the period 1 July to 31 December 2005.

9.3 *Goodwill*

	2003 £'000	*2004 £'000*	*2005 £'000*
Cost or valuation:			
1 January	—	—	60
Additions	—	60	4,648
31 December	—	60	4,708
Impairment			
1 January	—	—	60
Charge in the period to Administration expenses	—	60	—
31 December	—	60	60
Net Book Value	—	—	4,648

Subsequent to the annual impairment test for 2005, the carrying amount of goodwill is allocated to the cash generating units acquired with Gemini Accident Repair Centres Limited. The recoverable amounts for the cash generating units determined above are based on value in use calculations, covering a detailed one year forecast, followed by an extrapolation of expected cash flows using a

2.5 per cent. growth rate. These cash flows were extrapolated over 10 years and discounted using a rate of 5 per cent. A 10 year period has been chosen because the Directors' experience and knowledge of the business indicates that equivalent sites have an useful economic life in excess of 10 years. The Directors' key assumptions for these cash generating units include stable profit margins and resulting cash flows which have been determined based on past experience in this market. The Group is not currently aware of any probable changes which would necessitate changes in its key assumptions.

9.4 *Property, plant and equipment*

	Land £'000	*Buildings* £'000	*Other* £'000	*Total* £'000
Cost:				
1 January 2003	348	6,439	19,321	26,108
Additions	—	663	1,019	1,682
Disposals	—	(3,724)	(2,760)	(6,484)
31 December 2003	348	3,378	17,580	21,306
Accumulated depreciation:				
1 January 2003	—	2,078	12,710	14,788
Disposals	—	(1,326)	(2,658)	(3,984)
Charge for the year	—	181	1,806	1,987
31 December 2003	—	933	11,858	12,791
Net book value at 31 December 2003	348	2,445	5,722	8,515

	Land £'000	*Buildings* £'000	*Other* £'000	*Total* £'000
Cost:				
1 January 2004	348	3,378	17,580	21,306
Acquisitions	—	—	791	791
Additions	—	95	1,864	1,959
Disposals	—	—	(562)	(562)
31 December 2004	348	3,473	19,673	23,494
Accumulated depreciation:				
1 January 2004	—	933	11,858	12,791
Disposals	—	—	(467)	(467)
Charge for the year	—	199	2,006	2,205
31 December 2004	—	1,132	13,397	14,529
Net book value at 31 December 2004	348	2,341	6,276	8,965

	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost:				
1 January 2005	348	3,473	19,673	23,494
Acquisitions	—	70	983	1,053
Additions	—	1,092	1,332	2,424
Disposals	—	(12)	(2,021)	(2,033)
31 December 2005	348	4,623	19,967	24,938
Accumulated depreciation:				
1 January 2005	—	1,132	13,397	14,529
Disposals	—	(12)	(1,835)	(1,847)
Charge for the year	—	228	2,310	2,538
31 December 2005	—	1,348	13,872	15,220
Net book value at 31 December 2005	348	3,275	6,095	9,718

	Total £'000	Freehold £'000	Short Leasehold £'000
The net book value of land and buildings comprises:			
Group as at 31 December 2005	3,623	497	3,126
Group as at 31 December 2004	2,689	500	2,189
Group as at 31 December 2003	2,793	357	2,436

9.5 *Leases*

The total of future minimum lease commitments in respect of non-cancellable operating leases as at 31 December are as follows:

	2003 £'000	2004 £'000	2005 £'000
Group			
Land and buildings leases expiring:			
Within one year	64	143	49
2-5 years inclusive	847	758	1,723
More than 5 years	63,333	62,906	65,731
	64,244	63,807	67,503
Other leases expiring:			
Within one year	3,644	3,366	4,221
2-5 years inclusive	82	140	80
More than 5 years	8	—	—
	3,734	3,506	4,301

The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at 31 December 2005 is £2,562,000 (2004: £2,919,000) (2003: £2,502,500).

9.6 *Pension and other employee assets/obligations*

The Group operates a pension scheme with both a defined benefit section and a defined contribution section in the UK which offers both pensions in retirement and death benefits to members. Since 1 January 2002 the defined benefit section has been closed to new members. The assets of the scheme are administered by trustees independently of the Group. The Company made contributions of £2,582,000 (2004: £2,520,000) (2003: £2,498,000) to the defined benefit scheme during the year.

The Group has opted to amortise all actuarial gains and losses above the corridor (10 per cent. of the greater of assets and liabilities) over the future working lifetime of the active membership.

A full actuarial valuation of the defined benefit scheme was carried out as at 31 March 2003 and was updated to 31 December 2005 by a qualified independent actuary.

IAS 19

	2003	*2004*	*2005*
The major assumptions used by the actuary were (in nominal terms):			
Rate of increase in salaries	3.5%	3.5%	3.3%
Rate of increase in pensions – accrued pre 5 April 1997	3.0%	3.0%	3.0%
Rate of increase in pensions – accrued post 5 April 1997	2.3%	2.3%	2.3%
Discount rate	5.5%	5.4%	5.0%
Inflation assumption	2.75%	2.85%	2.65%

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 December 2003	*Value at 31 December 2003 £'000*	*Long-term rate of return expected at 31 December 2004*	*Value at 31 December 2004 £'000*	*Long-term rate of return expected at 31 December 2005*	*Value at 31 December 2005 £'000*
Equities	7.75%	16,105	7.50%	18,763	8.00%	29,340
Bonds	5.10%	15,058	5.00%	18,800	4.40%	9,493
Property		—		—	8.00%	5,454
Other	3.75%	1,572	3.60%	38	3.00%	232
Total market value of assets		32,735		37,601		44,519
Present Value of defined obligations (funded plans)		(56,822)		(61,984)		(65,552)
Present value of unfunded obligations		(24,087)		(24,383)		(21,033)
Unrecognised actuarial losses		27,647		27,039		23,024
Net asset in balance sheet		3,560		2,656		1,991
The actual return on assets over the period was		3,195		3,394		5,584

Reconciliation of opening and closing balances of the present value of the defined benefit obligations

	2003 £'000	*2004 £'000*	*2005 £'000*
Benefit obligation at beginning of year	47,303	56,822	61,984
Service cost	1,112	1,160	1,148
Interest cost	2,602	3,125	3,344
Contributions by scheme members	383	328	328
Actuarial loss	6,614	1,954	323
Benefits paid	(1,192)	(1,405)	(1,575)
Balance at end of year	56,822	61,984	65,552

Reconciliation of opening and closing balances of the fair value of plan assets

	2003 £'000	2004 £'000	2005 £'000
Fair value of scheme assets at beginning of year	27,851	32,735	37,601
Expected return on scheme assets	1,977	2,153	2,471
Actuarial gain	1,218	1,270	3,113
Contributions by employers	2,498	2,520	2,581
Contributions by scheme members	383	328	328
Benefits paid	(1,192)	(1,405)	(1,575)
Asset at end of year	32,735	37,601	44,519

The amounts recognised in the income statement are

	2003 £'000	2004 £'000	2005 £'000
Current service cost	1,112	1,160	1,148
Interest on obligation	2,602	3,125	3,344
Expected return on assets	(1,977)	(2,153)	(2,471)
Actuarial loss recognised in year	1,095	1,292	1,226
	2,832	3,424	3,247
Charged to:			
Administrative expenses	2,200	2,452	2,374
Finance costs	632	972	873
	2,832	3,424	3,247

History of scheme assets, obligations and experience adjustments

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Present value of defined benefit obligations	(56,822)	(61,984)	(65,552)
Fair value of scheme assets	32,735	37,601	44,519
(Deficit) in scheme	(24,087)	(24,383)	(21,033)
Experience adjustments arising on scheme liabilities	6,614	1,954	323
Experience item as a % of scheme liabilities	12%	3%	0%
Experience adjustments arising on scheme assets	1,218	1,270	3,113
Experience item as a % of scheme assets	4%	3%	7%

Effect on profitability: comparison between IAS 19 and FRS 17

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Operating profit as stated under IAS 19	1,683	2,680	7,793
Add back actuarial loss recognised under IAS 19	1,095	1,292	1,226
Operating result under FRS 17	2,778	3,972	9,019
Finance Income	414	309	379
Finance Costs under FRS 17	(693)	(1,122)	(1,004)
Profit before tax under FRS 17	2,499	3,159	8,394
Tax credit/(expense) as stated	380	181	(789)
Deferred tax IAS 19 reversed	(100)	(271)	(200)
Deferred tax under FRS 17	(199)	(71)	(129)
Profit after tax under FRS 17	2,580	2,998	7,276

Effect on total equity: comparison between IAS 19 and FRS 17

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Total equity as stated under IAS 19	16,727	18,925	20,435
Less IAS 19 asset	(3,560)	(2,656)	(1,991)
Add back IAS 19 deferred tax provision	1,068	797	597
FRS 17 deficit	(24,087)	(24,383)	(20,796)
Deferred tax asset under FRS 17	7,226	7,315	6,239
Total equity under FRS 17	(2,626)	(2)	4,484

9.7 *Inventories*

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Goods for resale	2,144	2,112	2,767

In 2005, total purchases of £41,448,000 of inventories were included in the income statement as an expense (2004: £38,023,000) (2003: £36,876,000). There were no write downs of inventories (2004: £nil) (2003: £nil).

9.8 *Trade and other receivables*

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Trade debtors	12,309	13,435	17,189
Bad debt provision	(179)	(73)	(149)
Other debtors	2,187	87	80
Prepayments and accrued income	3,791	3,961	5,042
	18,108	17,410	22,162

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values.

9.9 *Deferred tax assets and liabilities*

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Accelerated capital allowances	505	365	248
Pension fund asset	(1,068)	(797)	(597)
Short term timing differences	790	464	6
Asset/(liability)	227	32	(343)
Balance brought forward	14	227	32
Acquisitions	—	—	(177)
Credit/(charge) for year	213	(195)	(198)
Balance carried forward	227	32	(343)

The Group and Company have capital losses available to be carried forward and offset against future capital gains of £4.3 million (2004: £4.3 million) (2003: £4.3 million).

9.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand. The carrying amount of cash equivalents approximates to their fair values.

9.11 *Equity*

Share Capital

	As at 31 December 2003		*As at 31 December 2004*		*As at 31 December 2005*	
	Shares	*£'000*	*Shares*	*£'000*	*Shares*	*£'000*
Authorised Ordinary shares of 25p each	32,000,000	8,000	32,000,000	8,000	32,000,000	8,000
Issued and fully paid Ordinary shares of 25p each	22,436,110	5,609	22,436,110	5,609	22,436,110	5,609

There is no movement in 2005 or 2004 in the number of shares issued. In 2003, the Company purchased 4,000,000 of its own shares.

On 31 May 2006 each of the Ordinary Shares of 25p each was sub-divided into two Ordinary Shares of 12.5p each, conditional on Admission.

9.12 *Provisions*

	Onerous lease Costs £'000	*Loss on Termination of Operations £'000*	*Total £'000*
At 1 January 2003	1,404	321	1,725
Charged to the income statement to administration costs	494	34	528
Utilised	(832)	(300)	(1,132)
At 31 December 2003	1,066	55	1,121
Current liability	558	55	613
Non-current liability	508	—	508
	1,066	55	1,121
At 1 January 2004	1,066	55	1,121
Charged to the income statement to administration costs	192	—	192
Utilised	(527)	—	(527)
At 31 December 2004	731	55	786
Current liability	352	55	407
Non-current liability	379	—	379
	731	55	786
At 1 January 2005	731	55	786
Charged to the income statement to administration	180	—	180
Released to the income statement	—	(55)	(55)
Utilised	(215)	—	(215)
At 31 December 2005	696	—	696
Current liability	216	—	216
Non-current liability	480	—	480
	696	—	696

Included in non-current liabilities as at 31 December 2005 is an amount of £93,000 payable in more than 5 years.

Onerous Lease Costs

The Group has vacated a number of properties in the last four years for which there is an ongoing liability in respect of leases and other costs. The potential cost of these onerous contracts has been provided in the financial statements. Due consideration has been given to the likelihood of sub-letting these properties.

Loss on Termination of Operations

A provision of £55,000 was carried forward to 2005 in relation to an outstanding legal dispute relating to the termination of the Group's International Motor Parts business. This dispute has not progressed and the provision has been released.

9.13 *Trade and other payables*

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Trade creditors	12,024	12,126	12,993
Taxes and social security costs	2,194	2,510	3,249
Accruals	6,869	5,726	7,069
	21,087	20,362	23,311

The Directors consider that the carrying amount of financial liabilities approximates to their fair values.

9.14 *Current tax liabilities*

	As at 31 December 2003 £'000	*As at 31 December 2004 £'000*	*As at 31 December 2005 £'000*
Current tax liabilities:	—	—	615

9.15 *Operating profit*

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Depreciation	1,987	2,205	2,538
Goodwill impairment (Note 9.3)	—	60	—
Management services (Note 9.21)	350	350	1,350
Profit on sale of fixed asset investment (see below)	(342)	—	(4,750)
Profit on sale of operations	(249)	(175)	—
Operating lease rentals:			
Land and buildings	4,010	4,309	5,454
Courtesy cars	3,502	3,625	4,056
Plant and machinery	96	88	66
Auditors' remuneration:			
Audit services	65	67	87
Non-Audit services (tax and IFRS assistance)	47	16	10
Loss/(profit) on disposal of fixed assets	—	7	(22)

Profit on sale of fixed asset investment:

During 2005 the Company disposed of its investment in the preference shares of Perrys Group Limited. The investment was sold for £4,750,000 and had a net book value of £100.

9.16 *Employee remuneration*

The aggregate payroll costs of the Group's employees are analysed as follows:

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Wages and salaries	38,580	39,000	42,507
Social security costs	3,444	3,599	4,143
Other pension costs (contributions paid)	2,460	2,531	2,592
	44,484	45,130	49,242
The amount of pension contributions paid to defined contribution scheme is	9	11	11

The average number of employees during the year was made up as follows:

	No	*No*	*No*
Motor accident repair operations	1,977	2,058	2,098
Central and other	59	55	62
	2,036	2,113	2,160

The remuneration of the directors was as follows:

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Emoluments	194	192	175

During the year no Director participated in a defined benefit pension scheme or defined contribution scheme. Mr Wilmshurst is remunerated via a management services agreement with Troy. Details are given in note 9.21.

9.17 *Finance income and finance costs*

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Finance Income			
Interest receivable:			
– on bank balances	216	159	379
– on Loan Notes	198	150	—
	414	309	379

	Year ended 31 December 2003 £'000	Year ended 31 December 2004 £'000	Year ended 31 December 2005 £'000
Finance Costs			
Interest payable:			
– on finance leases	7	—	—
Pension Costs			
– interest on obligation	2,602	3,125	3,344
– expected return on assets	(1,977)	(2,153)	(2,471)
	632	972	873

9.18 *Income tax expense/(credit)*

	Year ended 31 December 2003 £'000	Year ended 31 December 2004 £'000	Year ended 31 December 2005 £'000
Current Tax:			
United Kingdom corporation tax at 30%	—	—	591
Adjustments in respect of prior years	(167)	(376)	—
	(167)	(376)	591
Deferred Tax:			
Movement relating to pension asset (IAS 19)	(100)	(271)	(200)
Timing differences origination and reversal	(113)	466	398
	(380)	(181)	789

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30 per cent. (2004: 30 per cent.) (2003: 30 per cent.). The differences are explained as follows:

	Year ended 31 December 2003 £'000	Year ended 31 December 2004 £'000	Year ended 31 December 2005 £'000
Result for the year before tax	1,465	2,017	7,299
Income on ordinary activities before tax multiplied by standard rate of UK corporation tax of 30%	440	605	2,190
Effect of:			
Capital item not taxable	—	—	(1,425)
Items not deductible for tax purposes	153	22	109
Capital allowances in excess of depreciation	(229)	(130)	(33)
Utilisation of tax losses brought forward	(301)	(796)	(450)
Other timing differences	(276)	546	398
Utilisation of capital losses on exceptional item	—	(52)	—
Prior year over provision	(167)	(376)	—
Total tax (credit)/charge for the year	(380)	(181)	789

9.19 *Earnings per share and dividends*

The basic earnings per share has been calculated using the net results attributable to the Shareholders of the Company of £6,510,000 (2004: £2,198,000) (2003: £1,845,000).

The weighted average number of outstanding shares used for the basic earnings per share amounted to 22,436,110 (2004: 22,436,110) (2003: 24,436,110).

During 2005, the Company paid dividends of £5,000,000 to its equity Shareholders (2004: £nil) (2003: £4,000,000). This represents a payment of £0.223 per share (2004: £nil) (2003: £0.178).

9.20 *Consolidated cash flow statements*

The following non-cash flow adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

	Year ended 31 December 2003 £'000	*Year ended 31 December 2004 £'000*	*Year ended 31 December 2005 £'000*
Adjustments:			
Pension fund charge – IAS19	2,832	3,424	3,247
Depreciation	1,987	2,205	2,538
Loss/(profit) on sale of property, plant and equipment	—	7	(22)
Finance income	(414)	(309)	(379)
Finance costs	7	—	—
Profit on sale of fixed assets, investments and operations	(591)	(175)	(4,750)
Goodwill impairment	—	60	—
Total	3,821	5,212	634

9.21 *Related party transactions*

The Group paid £1,350,000 to Troy in 2005 for management services (2004: £350,000) (2003: £350,000). Mr Wilmshurst is a Director of Troy. In addition, the Group paid Troy £165,925 (2004: £175,886) (2003: £30,775) in 2005 in relation to the provision of office facilities, customer satisfaction surveys and for training services.

The Group paid its Shareholders, Guinness Peat Group plc and North Atlantic Value LLP, management fees of £125,000 each in 2005 (2004: £125,000 each) (2003: £125,000 each). The Group has not transacted with any other related parties during each of the years.

9.22 *Contingent assets and other contingent liabilities*

The Group receives various warranty and legal claims in a typical trading year. Where the value of these claims are not quantifiable no provision is made in the accounts. In 2003 and 2004 the Group were aware of a number of claims from former employees. Management provided their best estimates of the potential liabilities arising under these claims. At 31 December 2005 management's assessment of the value of contingent assets and liabilities was £nil.

9.23 *Risk management objectives and policies*

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters and is regularly discussed by the board of directors. The Group does not engage in the trading of financial assets nor does it write options. The most significant financial risks to which the Group is exposed to are described below:

(i) *Credit risk*

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk

(ii) *Cash flow and interest rate risks*

The Group is in a cash positive situation and currently earns 4.2 per cent. interest on its deposits. This interest earned is dependent on bank rates and is not fixed. Other than this, the Group is not exposed to interest rate risk on its financial assets and financial liabilities.

B. Accountants' report on the historical financial information for the three years ended 31 December 2005

Grant Thornton

Grant Thornton UK LLP
Grant Thornton House
Melton Street
LONDON
NW1 2EP

The Directors
Nationwide Accident Repair Services plc
17A Thorney Leys Park
WITNEY
Oxfordshire
OX28 4GE

29 June 2006

Dear Sirs

NATIONWIDE ACCIDENT REPAIR SERVICES PLC (THE COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS (THE GROUP)

We report on the financial information set out in section A of Part III of the Company's AIM Admission Document dated 29 June 2006. This financial information has been prepared for inclusion in the AIM Admission Document dated 29 June 2006 of Nationwide Accident Repair Services plc on the basis of the accounting policies set out in paragraph 4 of the financial information. This report is required by Schedule Two to the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there 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.

Responsibilities

The Directors of Nationwide Accident Repair Services plc are responsible for preparing the financial information on the basis set out in paragraph 2 of the financial information and in accordance with International Financial Reporting Standards (IFRS).

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

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 an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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 sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out in Part III A gives, for the purposes of the AIM Admission Document dated 29 June 2006, a true and fair view of the state of affairs of the Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation and in accordance with IFRS as described in paragraph 2 of the financial information, and has been prepared in a form that is consistent with the accounting policies adopted in the Group's latest annual accounts.

Declaration

For the purposes of Paragraph (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the AIM 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 AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

C. Unaudited interim financial information for the three month period ended 31 March 2006

The financial information on the Group in this section C of Part III has been extracted from Nationwide's interim results for the period ended 31 March 2006. The information covers the period from 1 January 2006 to 31 March 2006, is unaudited and does not constitute statutory financial statements. The financial information has been prepared in accordance with IFRS. Unaudited comparative information for the three months to 31 March 2005 is presented as required by Paragraph (a) of Schedule Two to the AIM Rules.

1. Interim unaudited consolidated balance sheets

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*
Assets		
Non-current		
Goodwill	—	4,648
Property, plant and equipment	8,917	9,488
Pension and other employee assets	2,084	1,684
Deferred Tax	34	—
	11,035	15,820
Current		
Inventories	2,388	2,895
Trade and other receivables	21,889	26,087
Cash and cash equivalents	8,967	7,695
	33,244	36,677
Total assets	44,279	52,497
Equity		
Equity attributable to the Shareholders		
Share capital	5,609	5,609
Capital redemption reserve	1,000	1,000
Share premium account	11,104	11,104
Revaluation reserve	8	8
Retained earnings	2,456	4,373
Total equity	20,177	22,094
Liabilities		
Non-current		
Provisions	222	425
Deferred tax liabilities	—	131
	222	556
Current		
Provisions	407	216
Trade and other payables	23,180	28,733
Current tax liabilities	293	898
	23,880	29,847
Total liabilities	24,102	30,403
Total equity and liabilities	44,279	52,497

2. Interim unaudited consolidated statement of changes in equity

	Share Capital £'000	*Capital Redemption Reserve £'000*	*Share Premium Account £'000*	*Revaluation Reserve £'000*	*Retained Earnings £'000*	*Total £'000*
Balance at 1 January 2005	5,609	1,000	11,104	8	1,204	18,925
Income for the three month period	—	—	—	—	1,252	1,252
Balance at 31 March 2005	5,609	1,000	11,104	8	2,456	20,177
Income for the nine month period	—	—	—	—	5,258	5,258
Dividend Paid					(5,000)	(5,000)
Balance at 1 January 2006	5,609	1,000	11,104	8	2,714	20,435
Income for the three month period	—	—	—	—	1,659	1,659
Balance at 31 March 2006	5,609	1,000	11,104	8	4,373	22,094

3. Interim unaudited consolidated income statements

	Notes	*Three months ended 31 March 2005 £'000*	*Three months ended 31 March 2006 £'000*
Sales revenue			
Continuing operations		33,941	36,141
Acquisitions		—	4,812
		33,941	40,953
Cost of sales		(18,162)	(21,855)
Gross profit		15,779	19,098
Distribution costs		(8,192)	(9,620)
Administrative expenses		(5,881)	(7,378)
Operating profit		1,706	2,100
Finance income	5.4	55	33
Finance costs	5.4	(218)	(18)
Profit for the period before tax		1,543	2,115
Tax expense	5.5	(291)	(456)
Net profit for the period		1,252	1,659
Earnings per Share		5.6p	7.4p

4. Interim unaudited consolidated cash flow statements

	Notes	*Three months ended 31 March 2005 £'000*	*Three months ended 31 March 2006 £'000*
Operating activities			
Profit for the period before tax		1,543	2,115
Adjustments	5.7	1,303	1,030
Changes in inventories		(276)	(128)
Changes in trade and other receivables		(4,479)	(3,925)
Changes in trade and other payables		2,820	5,422
Changes in provisions		(159)	(55)
Outflow from pension obligations		(240)	(240)
Tax paid		—	(385)
Net cash from operating activities		512	3,834
Investing activities			
Additions to property, plant and equipment		(536)	(317)
Proceeds from the disposal of property, plant and equipment		35	21
Interest received		58	43
Net cash used in investment activities		(443)	(253)
Net increase in cash and cash equivalents		69	3,581
Cash and cash equivalents at beginning of period		8,898	4,114
Cash and cash equivalents at end of period		8,967	7,695

5. Notes to the interim unaudited financial information

5.1 *Basis of preparation*

The interim financial information has been prepared on the same basis and using the same accounting policies as used in the audited financial statements.

5.2 *Pension and other employee assets/obligations*

The Group operates a pension scheme with both a defined benefit section and a defined contribution section in the UK which offers both pensions in retirement and death benefits to members. Since 1 January 2002 the defined benefit section has been closed to new members. The assets of the scheme are administered by trustees independently of the Group. The Company made contributions of £240,000 (2005: £240,000) to the defined benefit scheme during the three month period ended 31 March 2006.

The Group has opted to amortise all actuarial gains and losses above the corridor (10 per cent. of the greater of assets and liabilities) over the future working lifetime of the active membership.

A full actuarial valuation of the defined benefit scheme was carried out as at 31 March 2003 and was updated to 31 December 2005 by a qualified independent actuary.

IAS 19

The major assumptions used by the actuary were (in nominal terms):

	2005	*2006*
Rate of increase in salaries	3.5%	3.3%
Rate of increase in pensions – accrued pre 5 April 1997	3.0%	3.0%
Rate of increase in pensions – accrued post 5 April 1997	2.85%	2.3%
Discount rate	5.4%	5.0%
Inflation assumption	2.85%	2.65%

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

	Value at 31 March 2005 £'000	*Value at 31 March 2006 £'000*
Present Value of defined obligations (funded plans)	(62,947)	(66,464)
Present value of unfunded obligations	(24,848)	(21,098)
Unrecognised actuarial losses	26,932	22,782
Net asset in balance sheet	2,084	1,684

Reconciliation of opening and closing balances of the present value of the defined benefit obligations

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Benefit obligation at beginning of period	61,984	65,552
Service cost	287	287
Interest cost	836	820
Contributions by scheme members	90	75
Actuarial loss	—	—
Benefits paid	(250)	(270)
Balance at end of period	62,947	66,464

Reconciliation of opening and closing balances of the fair value of plan assets

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Fair value of scheme assets at beginning of period	37,601	44,519
Expected return on scheme assets	618	802
Actuarial gain	—	—
Contributions by employers	240	240
Contributions by scheme members	90	75
Benefits paid	(250)	(270)
Asset at end of period	38,299	45,366

The amounts recognised in the income statement are

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Current service cost	287	287
Interest on obligation	836	820
Expected return on assets	(618)	(802)
Actuarial loss recognised in period	307	242
	812	547
Charged to:		
Administrative expenses	594	529
Finance costs	218	18
	812	547

Effect on profitability: comparison between IAS 19 and FRS 17

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Operating profit as stated under IAS 19	1,706	2,100
Add back actuarial loss recognised under IAS 19	307	242
Operating result under FRS 17	2,013	2,342
Finance income	55	33
Finance costs under FRS 17	(251)	(13)
Profit before tax under FRS 17	1,817	2,362
Deferred tax IAS 19 reversed	(172)	(92)
Deferred tax FRS 17	18	18
Profit after tax FRS 17	1,663	2,288

Effect on total equity: comparison between IAS 19 and FRS 17

	As at 31 March 2005 £'000	*As at 31 March 2006 £'000*
Total equity as stated under IAS 19	20,177	22,094
Less IAS 19 asset	(2,084)	(1,684)
Add back IAS 19 deferred tax provision	625	505
FRS 17 deficit	(24,681)	(20,856)
Deferred tax under FRS 17	7,404	6,257
Total equity under FRS 17	1,441	6,316

5.3 *Equity*

Share Capital

	At 31 March 2005 and 31 March 2006 Shares	*£'000*
Authorised		
Ordinary shares of 25p each	32,000,000	8,000
Issued and fully paid		
Ordinary shares of 25p each	22,436,110	5,609

There is no movement in 2006 or 2005 in the number of shares issued.

On 31 May 2006 each of the Ordinary Shares of 25p were sub-divided into two Ordinary Shares of 12.5p each, conditional on Admission.

5.4 *Finance income and finance costs*

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Finance Income		
Interest receivable:		
– on bank balances	55	33
Finance Costs		
Pension costs (see note 5.2):		
– interest on obligation	836	820
– expected return on assets	(618)	(802)
	218	18

5.5 *Income tax expense/(credit)*

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Current Tax:		
United Kingdom corporation tax at 30% (2004: 30%)	293	668
Adjustments in respect of prior years	—	—
	293	668
Deferred Tax:		
Movement relating to pension asset (IAS 19)	(172)	(92)
Timing differences origination and reversal	170	(120)
	291	456

5.6 *Earnings per share and dividends*

The basic earnings per share has been calculated using the net results attributable to the Shareholders of the Company of £1,659,000 for the three month period (2005: £1,252,000).

The weighted average number of outstanding shares used for the basic earnings per share amounted to 22,436,110 (2005: 22,436,110).

5.7 *Cash flow statement*

The following non-cash flow adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

	Three months to 31 March 2005 £'000	*Three months to 31 March 2006 £'000*
Adjustments:		
Pension fund charge – IAS19	812	547
Depreciation	565	534
Profit on sale of property, plant and equipment	(16)	(8)
Finance Income	(58)	(43)
Total	1,303	1,030

PART IV

Additional Information

1. Responsibility Statement

The Directors, whose names appear on page 5 of this document accept responsibility for the information in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (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 contains no omission likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated and registered in England and Wales on 24 November 1969 as a limited company with the name Harold Perry Motors Realisations Limited and with registered number 966807. The name of the Company was changed to Harold Perry Motors Limited on 1 January 1970. The Company was re-registered as a public limited company with the name Harold Perry Motors plc on 31 March 1981. The name of the Company was changed to Perry Group plc on 27 June 1985 and to Nationwide Accident Repair Services plc on 6 August 2001. The Company's registered office and principal place of business is located at 17A Thorney Leys Park, Witney, Oxfordshire OX28 4GE and its telephone number is 01993 701 720.

2.2 The Company's legal and commercial name at the date of this document is Nationwide Accident Repair Services plc. The primary legislation under which the Company operates is the Act and the regulations made thereunder.

2.3 The liability of the members of the Company is limited.

3. Details of Subsidiaries

3.1 The Company, which is the parent company of the Group, has the following directly or indirectly held wholly-owned subsidiary undertakings, all with a registered office at 17A Thorney Leys Park, Witney, Oxfordshire OX28 4GE (except Mobile Vehicle Repairs Limited, whose registered office is at Suite A, Stag House, Old London Road, Hertford, Hertfordshire, SG13 7LA):

Name	*Nature of business*	*Date of Incorporation*	*Place of Incorporation*	*Issued Share Capital*
Nationwide Crash Repair Centres Limited	Repair of Motor Vehicles	25/02/1960	England & Wales	17,000,000 ordinary shares of £1 each held by the Company
Network Services (Nationwide) Limited	Accident Management	13/05/1991	England & Wales	3,000,000 ordinary shares of £1 each held by the Company
Gemini Accident Repair Centres Limited	Repair of Motor Vehicles	22/11/2001	England & Wales	1,000 ordinary shares of £1 each held by Nationwide Crash Repair Centres Limited
Mobile Vehicle Repairs Limited	Repair of Motor Vehicles	10/08/1972	England & Wales	1,000 ordinary shares of £1 each held by Nationwide (PSC) Limited (a dormant company whose entire issued share capital is owned by the Company)
W Harold Perry Limited	Non-trading company	31/12/1966	England & Wales	15,000,000 ordinary shares of £1 each held by the Company

3.2 The Company also has 25 further dormant directly or indirectly held wholly owned subsidiary undertakings.

4. Share Capital of the Company

4.1 The following table sets out the authorised and issued fully paid share capital of the Company (i) as at the date of this document and (ii) immediately following the Placing and Admission:

	Authorised			*Issued and fully paid*	
	£	*Number*		*£*	*Number*
(i)	£8,000,000	32,000,000	ordinary shares of 25p each	£5,609,027.50	22,436,110
(ii)	£8,000,000	64,000,000	Ordinary Shares of 12.5p each	£5,609,027.50	44,872,220

4.2 On 30 June 2003, the Company purchased 4,000,000 ordinary shares of 25p each in the issued share capital of the Company from various of its Shareholders, thereby reducing the issued share capital of the Company from 26,436,110 to 22,436,110 ordinary shares of 25p each.

4.3 Pursuant to a resolution of the Company passed on 31 May 2006 (conditional on Admission), each of the ordinary shares of 25p each was divided into two Ordinary Shares of 12.5p each. Following such division there were 44,872,220 issued and fully paid Ordinary Shares.

4.4 Pursuant to resolutions of the Company passed on 31 May 2006 (conditional on Admission), the Directors are generally and unconditionally authorised for the purposes of section 80 of the Act to exercise all of the powers of the Company to allot relevant securities (as defined in sub-section 80(2) of the Act) up to an aggregate nominal amount of £1,869,675.83, and are authorised, pursuant to section 95 of the Act, to allot equity securities for cash (i) up to an aggregate nominal amount of £280,451.38 and in addition to (i), (ii) pursuant to a rights issue or other pre-emptive offering pursuant to the above authority as if section 89(1) of the Act did not apply to such allotment. These authorities are to expire (unless previously revoked, varied or renewed) on the earlier of the conclusion of the annual general meeting of the Company held in 2007 or 31 August 2007.

4.5 The primary legislation under which the Ordinary Shares were created is the Act. The Ordinary Shares are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of any class of shares in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where shares are to be held in certificated form, share certificates will be despatched by the Company's Registrars by first class post at the risk of the person entitled thereto.

4.6 Save as disclosed in this document, no share or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital during the three years preceding the date of this document and, save as disclosed in paragraph 6 of this Part IV, no issued share or loan capital of the Company or any other member of the Group is under option or is agreed conditionally or unconditionally to be put under option. Save to fulfil options granted under the Nationwide Share Scheme there is no present intention to issue any share or loan capital in the Company following Admission.

4.7 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company.

5. Memorandum and Articles of Association

5.1 The principal object of the Company is to carry on business as motor, mechanical, electrical or hydraulic engineers. The objects of the Company are set out in full in clause 4 of the memorandum of association which is available for inspection at the address specified in paragraph 20 below.

5.2 The articles of association of the Company, which were adopted by a special resolution of the Company on 31 May 2006 (conditional on Admission), contain provisions, *inter alia,* to the following effect:

(a) *Voting Rights*

Subject to disenfranchisement in the event of:

(i) non-payment of calls or other monies due and payable in respect of Ordinary Shares; or

(ii) non-compliance with a statutory notice requiring disclosure as to beneficial ownership of Ordinary Shares,

and without prejudice to any special rights or restrictions as to voting attached by or by virtue of the Articles to any shares or any class or shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under section 375 of the Act shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

No member shall, unless the directors otherwise determine, be entitled to be present or to vote at any general meeting either in person or by proxy or upon any poll or to exercise any other right conferred by membership in relation to meetings of the Company in respect of any Ordinary Shares held by him if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

(b) *Transfer of Shares*

Subject to the provisions of the Act and the CREST Regulations, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of a "relevant system" as defined in the CREST Regulations or that shares of any class should cease to be held and transferred in the manner set out in the Articles.

All transfers of shares which are in uncertificated form may be effected by means of a relevant system. Transfers of shares in certificated form may be effected by transfers in writing in any usual or common form or in any form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect thereof.

The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine either generally or in respect of any class of shares, save that in respect of any shares which are participating securities, the register shall not be closed without the consent of the operator of the relevant system. The register shall not be closed and registration suspended for more than 30 days in any year.

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor decline to register any transfer of shares which are not fully paid provided that where any such shares are admitted to the Official List, or permitted to be traded on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of shares in favour of more than 4 persons jointly.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is deposited at the office where the register of members is situate for the time being, is in respect of one class of shares, duly stamped, accompanied by the relevant share certificate(s) (except where no certificate shall have been issued therefor) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do.

If the directors refuse to register a transfer they shall within 2 months after the date on which the transfer was lodged with the Company (in the case of shares held in certificated form), or the operator instruction was received by the Company (in the case of shares held in uncertificated form), send to the transferee notice of the refusal together with (in the case of shares held in certificated form) the instrument of transfer.

(c) *Dividends and Other Distributions*

The Company may by ordinary resolution declare dividends and fix the time for payment thereof, and may from time to time pay interim dividends of such amounts and on such dates as the directors think fit. No dividend shall be payable except out of profits for the Company available for distribution in accordance with the Act or in excess of the amount, or at any earlier date than, recommended by the directors. The Company may by ordinary resolution offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of the whole or part of any dividend or dividends as are specified by such ordinary resolution.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other monies payable on or in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share. All unclaimed dividends or other monies payable on or in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend or the date on which such dividend became due for payment shall be forfeited and shall revert to the Company.

(d) *Failure to Disclose Interests in Shares*

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 212 of the Act and has failed in relation to any shares (the "default shares") to give the Company the information thereby required within the prescribed period as set out in the articles from the date of service of the notice, the following sanctions shall apply unless the directors otherwise determine:

(i) the member or any transferee who acquires shares other than by an authorised transfer is not entitled in respect of the default shares and any other share held by the member or the transferee to be present or to vote (in person, by representation or by proxy) at any general meeting or at any separate meetings of the holders of any class of shares or on a poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(ii) where the default shares represent at least 0.25 per cent. of the nominal value of the issued shares of their class a dividend or any other amount payable in respect of the default shares shall be withheld by the Company, which shall have no obligation to pay interest on it, and the member shall not be entitled to elect to receive shares instead of that dividend. No transfer, other than an excepted transfer, as specified in the articles, of any of the default shares held by the member shall be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

(e) *Winding Up*

If the Company shall be wound up the liquidator may, with the authority of an extraordinary resolution, divide amongst the members in specie the whole or any part of the assets of the Company. The liquidator may with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit.

(f) *Changes in Capital*

The Company may by ordinary resolution increase its share capital by such sum divided into shares of such amounts as the resolution shall prescribe, consolidate and divide up share capital into shares of larger amounts or sub-divide its shares into shares of smaller amounts or cancel any shares not taken or agreed to be taken.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner and subject to any incident authorised and consent required by law.

(g) *Variation of Class Rights*

Subject to the provisions of the Act, none of the rights or privileges for the time being attached to any shares in the capital of the Company for the time being in issue shall (whether or not the Company is being wound up) be modified, varied or abrogated in any manner except with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class, that every holder of the shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

(h) *General Meetings*

At least 21 clear days notice 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 of every other extraordinary general meeting shall be given to all members of the Company and to the auditors of the Company. The quorum for the transaction of business at a general meeting of the Company is three members present in person or by proxy.

(i) *Capitalisation of Profits*

Subject to the provisions of the Act and by ordinary resolution, the directors may resolve to capitalise an amount standing to the credit of reserves whether or not available for distribution, appropriate the sum resolved to be capitalised to the members in proportion to the nominal amount of shares held by them respectively and apply that sum on their behalf in paying up amounts unpaid on shares held by them or paying up in full unissued shares or debentures of a nominal amount equal to that sum and the directors may make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve.

(j) *Borrowing Powers*

The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and, subject to the provision of section 80 of the Act, to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company at general meetings of its subsidiary undertakings (if any) so as to secure that the aggregate amount for the time being remaining undischarged of all monies borrowed by the Group at any time without the previous sanction of an ordinary resolution of the Company shall not (excluding intra-group borrowings) exceed a sum equal to three times the adjusted total of capital and reserves.

(k) *Directors*

The number of directors shall not be less than 2 nor more than 12. The Company may by ordinary resolution from time to time vary the minimum or maximum number of directors.

At each general meeting of the Company any director who was elected or last re-elected a director at or before the annual general meeting held in the third calendar year before the then current year, shall retire by rotation, and such further directors (if any) as would bring the number retiring to one third of the number of directors in office, shall retire by rotation.

No persons other than a director retiring at a general meeting shall, unless recommended by the directors for election, be eligible for appointment as a director at any general meeting unless not less than 7 nor more than 42 clear days before the day appointed for the meeting there shall have been left at the registered office of the Company notice in writing signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election, together with notice signed by that person of his willingness to be appointed.

The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be 2.

The directors (other than in respect of their holding of executive office) shall be entitled to receive by way of fees for their services as directors, such sums as the board of directors may from time to time determine (not exceeding £250,000 per annum or such other sum as the Company may by ordinary resolution determine).

The directors shall be entitled to be repaid all reasonable expenses properly incurred by them in the performance of their duties as directors of the Company.

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or any other arrangement or proposed arrangement with the Company shall declare the nature and extent of his interests.

A director shall not vote in respect of any contract, arrangement or proposal in which he has (together with any persons connected with him) a material interest (otherwise than by virtue of his interest in shares or debentures or other securities or otherwise through the Company), except this provision shall not apply to:

(i) the giving of any security, guarantee 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 subsidiaries;

(ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase or in exchange in which offer he is or is to be interested as an existing holder of securities of the Company or the subsidiary undertaking concerned or as a participant in the underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with any person connected with him within the meaning of section 346 of the Act) is not the holder of or beneficially interested in one per cent or more of the issued shares of any class of such company;

(v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme which relates to both directors and employees of the Company or any of its subsidiaries and does not accord to any director as such any privilege or advantage not generally accorded to the employees to which such fund or scheme relates;

(vi) any arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings under which the director benefits in a similar manner as the employees provided that such arrangement does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates; or

(vii) insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors.

(l) *Gratuities and Pensions*

The directors may pay or agree to pay gratuities, pensions or other retirement, superannuation, insurance, and any other benefits to any past or present employee or director of the Company or any subsidiary undertaking or any holding company of any of the Company's predecessors in business and to any spouse, former spouse, family or dependants of any such person (as well before as after he ceases to hold such office or employment) and may contribute to any fund or pay premiums for the purchase or provision of any such benefit.

(m) *Untraced Shareholders*

The Company shall be entitled to sell the shares of a member or person entitled on death or bankruptcy of a member if all warrants and cheques in respect of at least three dividends sent to such a member or person have remained unclaimed and uncashed for a period of 12 years and the Company has, at the expiration of such period, given notice in a daily national newspaper and an appropriate local newspaper (having first given the London Stock Exchange notice of its intention to do so) and for a period of three months following the said advertisement no indication is received as to the whereabouts or existence of such member or person. The Company shall be obliged to account to the member or such other person for the net proceeds of sale without interest.

(n) *Purchase of Own Shares*

Subject to the provisions of the Act, the Company may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class (including any redeemable shares) but so that if there shall be in issue any shares which are admitted to the Official List or permitted to be traded on AIM and which are convertible into equity share capital of the Company of the class proposed to be purchased then the Company shall not purchase or enter into a contract under which it will or may purchase, such equity shares unless either:

(i) 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 such a purchase; or

(ii) the purchase, or the contract, has first been approved by an extraordinary resolution passed at a separate meeting of the holders of such convertible shares.

6. Directors' and Other Interests in Share Capital

6.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them in the issued share capital of the Company as at the date of this document are and immediately following the Placing and Admission will be:

	As at the date of this document		*Immediately following Admission*	
Shareholder	*Number of ordinary shares of 25p each*	*% of issued ordinary share capital*	*Number of Ordinary Shares*	*% of issued Ordinary Share capital*
Michael Marx	—	—	—	—
Michael Wilmshurst	—	—	1,351,351	3.01
David Loftus	—	—	54,054	0.12
Stephen Thompson	—	—	—	—
Jeremy Brade	—	—	—	—
Mark Butcher	—	—	—	—
Lady Judge[1]	27,674	0.12	55,348	0.12

1 Held by The Bank of New York (Nominees) Limited as trustee for Lady Judge and managed by North Atlantic Value LLP as discretionary investment manager.

6.2 Immediately following Admission the following Directors will hold options to subscribe for Ordinary Shares as follows:

Option Holder	*Exercise Price per Ordinary Share (p)*	*Date of Grant*	*Date first exercisable*	*Date of Expiry*	*Number of Ordinary Shares under option*
Michael Wilmshurst	111[(1)]	4 July 2006	4 July 2009	4 July 2016	2,243,611[(2)]
David Loftus	111[(1)]	4 July 2006	4 July 2009	4 July 2016	1,121,806[(2)]
Stephen Thompson	111[(1)]	4 July 2006	4 July 2009	4 July 2016	897,444[(2)]

1 The exercise price quoted is in respect of Ordinary Shares issued pursuant to the unapproved section of the Nationwide Share Scheme. Ordinary Shares issued pursuant to the approved section of the Nationwide Share Scheme will be exercisable at an exercise price equal to the price of an Ordinary Share quoted on AIM at the end of the first dealing day following Admission.

2 Options to acquire Ordinary Shares with an aggregate value of £30,000 per optionholder will be granted pursuant to the approved section of the Nationwide Share Scheme at an exercise price equal to the price of an Ordinary Share quoted on AIM at the end of the first dealing day following Admission. The balance will be granted under the unapproved section of the Nationwide Share Scheme at an exercise price equal to the Placing Price.

6.3 50 per cent. of the options to be granted to such Directors will be subject to performance conditions. The options subject to performance conditions will vest in 10 per cent. segments dependent on the Company delivering compound total shareholder returns (assuming reinvestment of net dividends) of 10 per cent., 11 per cent., 12 per cent., 13 per cent. and 14 per cent. per annum between Admission and a date between the third and fifth anniversaries of Admission.

6.4 Save as disclosed in paragraph 6.2 above, none of the Directors holds options to subscribe for any Ordinary Shares.

6.5 Save as disclosed in this paragraph 6, none of the Directors nor any member of their respective immediate families, nor any person connected with them within the meaning of Section 346 of the Act, is or, immediately following Admission, will be interested in any share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to the Ordinary Shares.

6.6 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

6.7 At the date of this document no warrants have been granted by the Company to subscribe for Ordinary Shares.

6.8 Save as disclosed in paragraphs 8 and 11 below, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

7. Substantial Shareholders

7.1 So far as the Company is aware, the following parties are at the date of this document and at Admission will be interested (within the meaning of Part VI of the Act) directly or indirectly in 3 per cent. or more of the issued Ordinary Share capital of the Company:

	As at the date of this document		*Immediately following Admission*	
Shareholder	*Number of ordinary shares of 25p each*	*% of issued ordinary share capital*	*Number of Ordinary Shares*	*% of issued Ordinary Share capital*
GPG (UK) Holdings plc	11,218,055[1]	50.00	14,063,672[2]	31.34
North Atlantic Smaller Companies Investment Trust plc[3]	5,772,126	25.73	10,000,000	22.29
North Atlantic Value LLP[4]	2,689,825	11.99	3,942,782	8.79
Trident Private Equity Fund LP[3]	1,837,980	8.19	0	0.00
Oryx International Growth Fund Limited[3]	918,124	4.09	1,100,000	2.45

1 1 ordinary share of 25p held by Allied Mutual Insurance Services Limited as trustee for GPG (UK) Holdings plc

2 2 Ordinary Shares held by Allied Mutual Insurance Services Limited as trustee for GPG (UK) Holdings plc

3 North Atlantic Value LLP acts as manager to North Atlantic Smaller Companies Investment Trust plc and Oryx International Growth Fund Limited and as investment advisor to Trident Private Equity Fund LP

4 North Atlantic Value LLP acting in its capacity as discretionary investment manager

7.2 The investment management clients of JOHCM that participated in the 2002 takeover of Nationwide have since entered into investment management agreements or had their existing management/advisory agreements novated to North Atlantic Value LLP.

7.3 None of the Shareholders set out in paragraph 7.1 above has any preferential or different voting rights to other Shareholders.

7.4 The Company is not aware of any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately following Admission and there are no arrangements the operation of which could result in a change of control of the Company.

8. Directors' Service Agreements and Letters of Appointment

8.1 Michael Marx is retained by the Company pursuant to a letter of appointment dated 29 June 2006 and conditional on Admission. He is paid a fee of £30,000 annually (subject to review by the Board in accordance with the letter of appointment). His appointment is terminable at any time on written notice by either side or summarily by the Company if Mr Marx is, among other things, guilty of gross misconduct under the letter of appointment.

8.2 Michael Wilmshurst's services are now provided to the Company pursuant to a consultancy agreement between the Company and Troy dated 29 June 2006 and conditional on Admission. Pursuant to the agreement, Troy agrees to provide the services of Mr Wilmshurst as Chief Executive Officer of the Company for 40 hours per week. Troy is paid an annual fee of £308,000 by the Company in respect of the consultancy. Mr Wilmshurst is paid a director's fee of £10,000 per annum by the Company. The agreement is terminable on 12 months' notice by either party and summarily by the Company on the liquidation of Troy, the gross misconduct of Mr Wilmshurst or on Mr Wilmshurst becoming prohibited by law from acting as a director. The agreement contains clauses protecting the Company's confidential information, certain restrictive covenants in respect of non-solicitation of customers or employees following termination and a list of matters in respect of Mr Wilmshurst's position as Chief Executive Officer which are reserved for approval by the Board. The agreement also contains a tax indemnity in favour of the Company in respect of any PAYE or National Insurance liabilities to the Company arising out of the provision of Mr Wilmshurst's services.

8.3 David Loftus joined the Company on 13 January 2003 and is engaged pursuant to a service agreement with the Company dated 29 June 2006 and conditional on Admission. The agreement provides for a salary of £140,000 per annum and a bonus of up to 50 per cent. of salary based on the profitability of the Company and the performance of Mr Loftus. The agreement is terminable on twelve months' notice by either party or summarily by the Company if Mr Loftus is, among other things, guilty of gross misconduct under the agreement. Mr Loftus is entitled to private medical insurance, employer's pension contributions at a rate of 8 per cent. of salary, a fully expensed vehicle, 22 days holiday per annum in addition to public holidays in the UK and up to 30 days' sick pay in any twelve month period at full rate, 30 days sick pay at half rate, and further sick pay at the discretion of the Board. Mr Loftus is subject to certain restrictive covenants for a period of 12 months following termination of his employment.

8.4 Stephen Thompson joined the Company on 17 January 2005 and is engaged pursuant to a service agreement with the Company dated 29 June 2006 and conditional on Admission. The agreement provides for a salary of £120,000 per annum and a bonus of up to 50 per cent. of salary based on the profitability of the Company and the performance of Mr Thompson. The agreement is terminable on twelve months' notice by either party or summarily by the Company if Mr Thompson is, among other things, guilty of gross misconduct under the agreement. Mr Thompson is entitled to private medical insurance, employer's pension contributions at a rate of 8 per cent. of salary, a fully-expensed vehicle, 22 days holiday per annum in addition to public holidays in the UK and up to 30 days' sick pay in any twelve month period at full rate, 30 days sick pay at half rate, and further sick pay at the discretion of the Board. Mr Thompson is subject to certain restrictive covenants for a period of 12 months following termination of his employment.

8.5 Jeremy Brade was appointed as a Non-executive Director of the Company on 17 May 2002 and is now retained by the Company pursuant to a letter of appointment dated 29 June 2006 and conditional on Admission. He is paid a fee of £20,000 annually (subject to review by the Board in accordance with the letter of appointment). His appointment is terminable at any time on written notice by either side or summarily by the Company if Mr Brade is, among other things, guilty of gross misconduct under the letter of appointment.

8.6 Mark Butcher was appointed as a Non-executive Director of the Company on 17 May 2002 and is now retained by the Company pursuant to a letter of appointment dated 29 June 2006 and conditional on Admission. He is paid a fee of £20,000 annually (subject to review by the Board in accordance with the letter of appointment). His appointment is terminable at any time on written notice by either side or summarily by the Company if Mr Butcher is, among other things, guilty of gross misconduct under the letter of appointment.

8.7 Lady Judge is retained by the Company pursuant to a letter of appointment dated 29 June 2006 and conditional on Admission. Lady Judge is paid a fee of £20,000 annually (subject to review by the Board in accordance with the letter of appointment). Her appointment is terminable at any time on written notice by either side or summarily by the Company if Lady Judge is, among other things, guilty of gross misconduct under the letter of appointment.

8.8 Save as disclosed in paragraphs 8.1 to 8.7 above and 11.1, there are no service contracts, existing or proposed, between any Director and any member of the Group.

8.9 There are no benefits payable to any Directors on termination of employment.

8.10 Save as set out in paragraphs 6, 8.1-8.7, 11 and 12 of this Part IV there are no commissions or profit sharing arrangements with any of the Directors.

8.11 There are no arrangements under which any Director has agreed to waive or vary future emoluments nor have there been any waivers or variations of such emoluments during the financial year immediately preceding the date of this document.

8.12 The aggregate remuneration and benefits in kind paid to the Directors for the financial period ending 31 December 2005 was approximately £175,000. In addition, £1.35 million was paid to Troy in respect of services provided by Michael Wilmshurst, including a non-recurring fee of £1 million. It is estimated that under the agreements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period ending 31 December 2006 will be £761,000 including a non-recurring fee to David Loftus of £400,000 (conditional on Admission) and that £2.7 million will be payable to Troy including a non-recurring fee of £2.5 million (conditional on Admission). Further details in relation to future payments to Troy are set out in paragraph 11 of this Part IV.

9. Additional Information on the Board

9.1 The Directors hold or have held the following directorships or been a partner in the following partnerships within the five years immediately prior to the date of this document:

	Current Directorships/Partnerships	*Past Directorships/Partnerships*
Michael Marx	Acrecastle Properties Limited	Concorde Sixth (Ulster Terrace No.1) Limited
	Adamhill Limited	Concorde Sixth (Ulster Terrace No.2) Limited
	Artso Limited	Fieldmore Limited
	B.I.P. Management Limited	GE Real Estate (Sheffield) Limited
	BDS Investments Limited	Ravenhill Estates (No.1) Limited)
	Birmingham International Park (2000) Limited	Re-gen.com Limited
	Birmingham International Park Limited	Stead & Simpson Group Limited
	Bruform Limited	
	Cambourne Business Park Limited	
	Cambourne Business Park Management Limited	
	Capital Business Parks Developments Limited	
	Capital Business Parks Frimley Limited	
	Capital Business Parks Globeside Limited	
	Capital Business Parks Limited	
	Countrylife Property Investments Limited	
	D S (Development Co-ordination) Limited	
	D S Property Developments Limited	
	D.S. Estates (Dudley) Limited	
	D.S. Estates (Investments) Limited	
	D.S. Estates (Lancaster) Limited	
	D.S. Estates (Newark) Limited	
	D.S. Estates (Nottingham) Limited	
	Development Securities (Brentford) Limited	
	Development Securities (Black Friars Court) Limited	
	Development Securities (Blackpool Developments) Limited	

	Current Directorships/Partnerships	*Past Directorships/Partnerships*
Michael Marx *(continued)*	Development Securities (Bond Street) Limited	
	Development Securities (Camden) Limited	
	Development Securities (EGA) Limited	
	Development Securities (Furlong) Limited	
	Development Securities (Investments) plc	
	Development Securities (10 St Bride Street) Limited	
	Development Securities (No.1) Limited	
	Development Securities (No.3) Limited	
	Development Securities (No.4) Limited	
	Development Securities (No.5) Limited	
	Development Securities (No.7) Limited	
	Development Securities (No.9) Limited	
	Delevopment Securities (No.11) Limited	
	Development Securities (No.14) Limited	
	Development Securities (No.15) Limited	
	Development Securities (No.16) Limited	
	Development Securities (No.17) Limited	
	Development Securities (No.18) Limited	
	Development Securities (No.19) Limited	
	Development Securities (No.20) Limited	
	Development Securities (No.21) Limited	
	Development Securities (No.22) Limited	
	Development Securities (No.23) Limited	
	Development Securities (No.24) Limited	
	Development Securities (No.25) Limited	
	Development Securities (No.26) Limited	
	Development Securities (No.28) Limited	
	Development Securities (No.29) Limited	
	Development Securities (No.30) Limited	
	Development Securities (No.32) Limited	
	Development Securities (No.33) Limited	
	Development Securities (No.34) Limited	
	Development Securities (No.35) Limited	
	Development Securities (No.36) Limited	
	Development Securities (North West) Limited	
	Development Securities (Paddington) Limited	
	Development Securities (Projects) Limited	
	Development Securities (Ringwood) Limited	
	Development Securities (Southampton A) Limited	
	Development Securities (Southampton B) Limited	
	Development Securities (Strategic) Limited	
	Development Securities (Victoria) Limited	
	Development Securities Estates plc	
	Development Securities plc	

	Current Directorships/Partnerships	*Past Directorships/Partnerships*
Michael Marx *(continued)*	Development Securities Properties (Wales) Limited ECC Investments plc Elvington Properties Limited Elystan Developments Limited Executive Communication Centres (Birmingham) Limited Executive Communication Centres (Canary Wharf) Limited Executive Communication Centres (City Airport) Limited Executive Communication Centres (London City) Limited Executive Communication Centres (Sheffield) Limited Executive Communication Centres (Southampton) Limited Executive Communication Centres Limited FIBI Bank (UK) plc Furlong Shopping Centre Limited Galleon Properties Limited Globeside Business Park Management Limited Golden Leisure (North West) Ltd Kingsland Shopping Centre Limited Landpack Limited Lawgra (No.1232) Limited Luneside East Limited Mendip Land Limited Minevote Public Limited Company Modrun Limited Pricebusters Limited R.D.B.P. Management Limited S.P. Properties (Knightsbridge) Limited Schofield Centre Limited Speedfields Park (No.2) Limited Tarmac Clayform Limited Tarmac Guildford Limited The Royals Business Park Limited Universal Consolidated Ringwood Limited Westway House Limited White Lion Walk Limited	
Michael Wilmshurst	Accident Repair Services Limited Gemini Accident Repair Centres Limited Heggie Cupar Limited International Motor Parts Limited Mobile Solutions (Nationwide) Limited Mobile Vehicle Repairs Limited Nationwide Accident Repair Centres Limited Nationwide Crash Repair Centres Limited	Heggie Dundee Limited Heggie Dunfermline Limited Heggie Edinburgh Limited Heggie Group Limited Heggie Kirkcaldy Limited Imola (Huddersfield) Limited Imola Sport Limited Markrate Limited Nationwide (PSC) Limited Nationwide (PVC) Limited Perrylease Limited Perrys (Bradford) Limited

	Current Directorships/Partnerships	*Past Directorships/Partnerships*
Michael Wilmshurst *(continued)*	Nationwide Crash Repair Services Limited Nationwide Crash Repairs Limited Network Services (Nationwide) Limited Perrys Distribution Services Limited Perrys Estate Agencies Limited Rocar (Rotherham) Limited Rochdale Leasing & Finance Co. Limited Smart Cars Limited Troy Customer Research Limited Troy Group Limited Troy Property Management Limited Troy Solutions Limited W. Harold Perry Limited	Perrys Group Limited Rocar (Wellington Street) Limited
David Loftus	Gemini Accident Repair Centres Limited Mobile Vehicle Repairs Limited Nationwide Crash Repair Centres Limited Network Services (Nationwide) Limited W. Harold Perry Limited	Anmac Limited B. Dannatt Limited B.M. Estates Limited Blackwood Hodge Overseas Holdings Limited Blackwood Hodge Properties Limited Blackwood Hodge UK Holdings Limited BM Construction Equipment Limited BM Manufacturing Limited BM Overseas Holdings Limited C E (Predecessors) Limited Clayhill Nominees Limited Contractors' Aggregates Limited Dickson Legg Limited Dixon Technologies Limited Elite Cameron Limited Green Lane Engineering Co. Limited Guinness Peat Group Plc Hambro Machinery Limited KEP (Predecessors) Limited Legg Limited Marshaide Limited Marshmix Limited MFC (Predecessors) Limited Sineco International Limited SS 'Great Britain' Trading Limited SS Great Britain Trust Thomas Robinson Group Limited Tod Limited Waltham Minerals Limited Y H (Predecessors) Limited

	Current Directorships/Partnerships	*Past Directorships/Partnerships*
Stephen Thompson	Mobile Vehicle Repairs Limited Nationwide Crash Repair Centres Limited Network Services (Nationwide) Limited W. Harold Perry Limited	None
Jeremy Brade	Craftbutton Limited DM Technical Services Limited J O Hambro Capital Management Limited North Atlantic Value LLP	Lindley Catering Investments Limited Lindley Catering Limited OSL Group Limited PNC Telecom Plc United United Industries Public Limited Company IFCO Systems NV Worldport Communication Inc Hi-Tech Holding Inc BenLomond Corporation S.à.r.l
Mark Butcher	Allied Mutual Insurance Services Limited Associated Retirement Services Limited Brown Shipley Asset Management Limited GPG Australia Nominees Limited GPG Avenue Guarantee Limited GPG Coats Finance Ltd GPG Consultants Limited GPG Nominees Limited GPG Pension Investments Trustees Limited GPG (UK) Holdings Plc Guinness Peat Group UK Limited Guinness Peat (Scotland) Limited	Brown Shipley Investment Management Coats International Plc Coats Group Limited Coats Plc
Lady Judge	BT Consulting Inc Limited Friends Provident Public Limited Company Hardy Underwriting Group Plc PA Holdings Limited Portmeirion Group Public Limited Company Planet Group Inc. Private Equity International Limited Private Equity Investor Plc Quintain Estates and Development Plc Quintain Services Limited The Financial Reporting Council Limited Victory Corporation Plc	Alcove London Limited Allders Limited Axon Group Plc Axon Solutions Limited Brainspark Plc DSGVC Limited ENIC Group Limited Ex Libris LTD Friends' Provident Life Office GCap Media Plc Gullane Entertainment Limited International Rescue Committee, U.K. Livenote Technologies Limited London American Growth Trust Plc Net Investor Limited Second London American Trust Plc The British Food Trust United Asset Management Corporation W Willow Limited

9.2 Save as disclosed in paragraphs 9.3 to 9.6 below none of the Directors has:

(i) any unspent convictions in relation to indictable offences;

(ii) had any bankruptcy order made against him or entered into any voluntary arrangements;

(iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(v) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(vi) been publicly criticised by any statutory or regulatory authority (including designated professional bodies);

(vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company; or

(viii) had a name other than his/her existing name.

9.3 Michael Wilmshurst was a director of Spax Limited between January 1998 and May 1999. Spax Limited was placed into administrative receivership in September 1999 with an estimated shortfall to creditors of £1,351,000.

9.4 Jeremy Brade was a director of PNC Telecom plc between February 2003 and June 2003. PNC Telecom plc was placed in administration in June 2003, however, the administration order was discharged in June 2004.

9.5 Jeremy Brade was a director of United Industries Public Limited Company between May 2002 and October 2005. United Industries Public Limited Company was placed in administration in April 2006.

9.6 Mark Butcher was appointed a director of Panfida Capital plc and Panfida Services (UK) Limited in November 1986 and May 1991 respectively. Both companies were placed into liquidation in April 1992.

10. Employees

During the years ended 31 December 2003, 31 December 2004 and 31 December 2005, the Group employed an average of 2,036, 2,113 and 2,160 employees (excluding Executive Directors) respectively. The majority of such employees (1,977, 2,058 and 2,098 for the respective periods) were employed by the Group in its accident repair operations. At the date of this document the Group has approximately 2,100 employees (excluding the executive Directors and head office function).

11. Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by a member of the Group within the two years immediately preceding the date of this document and which are, or may be material to the Group or under which any member of the Group has an obligation or entitlement which is or may be material:

11.1 On 31 May 2002 the Company entered into a management agreement with Troy. Pursuant to such agreement Troy agreed to provide, *inter alia*, the services of Michael Wilmshurst as CEO and director of the Company for a minimum of 25 hours per week, and overall to provide 50 man-hours per week to implement an agreed strategy (as set out in the agreement) for the development of the business of the Company. The fees payable by the Company pursuant to the agreement are £10,000 per annum to Mr Wilmshurst and £350,000 per annum to Troy. Pursuant to the agreement, Troy is entitled to a non-recurring fee on Admission, calculated by reference to the uplift in value of the Company from the commencement of the agreement to the date of Admission. The non-recurring fee, payable on Admission, as calculated in accordance with the agreement is £2.5 million. The parties have agreed that the agreement will terminate with effect from Admission and will be replaced by the new management agreement, details of which are set out in paragraph 11.4 below.

11.2 Under the Placing Agreement, dated 29 June 2006, Arbuthnot has agreed conditionally on, amongst other things, Admission taking place not later than 4 July 2006 or such later date as Arbuthnot and the Company may agree, but not later than 18 July 2006, as agent for the Company and the Selling Shareholders to use its reasonable endeavours to procure placees for the Sale Shares at the Placing Price.

Under the Placing Agreement:

(a) the Company has agreed to pay Arbuthnot, in its role as nominated adviser on the Placing a corporate finance fee of £175,000;

(b) the Selling Shareholders have agreed to pay Arbuthnot, in its role as agent, commissions equal to the aggregate of 3.5 per cent. of an amount equal to the aggregate value at the Placing Price of the Sale Shares and to pay all stamp duty and/or stamp duty reserve tax on the Sale Shares to be sold by them; and

(c) the Company has agreed to pay all other costs and expenses of the Placing.

The Placing Agreement contains warranties and an indemnity from the Company and warranties from the Directors as to, amongst other things, the accuracy of this document. The Placing Agreement contains termination provisions for the period prior to Admission if, amongst other things there has been a material breach of the warranties which Arbuthnot consider to be material in the context of the Company or in circumstance of force majeure.

11.3 On 29 June 2006, the Company entered into an agreement with Arbuthnot, pursuant to which, *inter alia*, the Company appointed Arbuthnot to act as nominated adviser and broker to the Company for the purposes of the AIM Rules subject to termination at any time upon written notice by either party to the other. The Company has agreed to pay to Arbuthnot a fee of £27,500 per annum for its services under the agreement.

11.4 On 29 June 2006 the Company entered into a services agreement with Troy, conditional on Admission. Pursuant to the agreement Troy agrees to provide customer satisfaction surveys ("CSIs"), training services and geomapping services to the Company. CSIs are to be performed by Troy in respect of each site owned by the Group on a quarterly (and in certain circumstances monthly) basis, at a rate of £250 per CSI per site. The content and price of training services to be provided by Troy are to be agreed between the parties on an ad hoc basis, subject to daily and annual limits of £1,200 and £70,000 respectively. Geomapping services (indicating the residence of vehicle owners whose vehicles have been repaired at particular sites and the insurance company which has referred them) are to be provided by Troy at a fixed rate of £1,250 per month, irrespective of the number of sites involved. The agreement is terminable on 12 months' written notice by either party. Either party may also require the termination of the provision of any one or more of the relevant services on 12 months' notice. The Company also occupies its head office premises pursuant to a licence agreement entered into with Troy, at a rate of £15,000 per annum.

11.5 Under the Lock-In Agreements each of Michael Wilmshurst and David Loftus (and their connected persons) have conditionally agreed not to sell, transfer or otherwise dispose of any Ordinary Shares held by them at Admission, other than in certain specified circumstances, for a period of 12 months from the date of Admission. The Ordinary Shares held by the Existing Shareholders at Admission are also subject to these restrictions. In addition, Michael Wilmshurst has agreed not to dispose of more than half his Ordinary Shares in the second year following Admission.

On the expiry of the relevant lock-in periods, each of Michael Wilmshurst, David Loftus (and their connected persons) have agreed not dispose of any Ordinary Shares other than through Arbuthnot for a further 12 months provided that Arbuthnot remains the Company's broker. The Ordinary Shares held by the Existing Shareholders at Admission are also subject to these restrictions.

11.6 The Company, Arbuthnot and Troy have entered into the Tax Indemnity under which Troy indemnifies the Company in respect of any liability to PAYE income tax and employee's National Insurance contributions on the non-recurring fee of £1 million paid to Troy in 2005 and £2.5 million payable to Troy on Admission under the management agreement referred to at paragraph 11.1 of Part IV of this document. Troy's liability under the Tax Indemnity is capped at £500,000 plus amounts equal to any repayments of corporation tax paid or payable by Troy because HMRC accepts that corporation tax was incorrectly paid and, where there is no repayment of corporation tax but HMRC accepts that tax paid or payable can reduce a corporation tax liability that would otherwise have been payable in respect of other profits, amounts of tax saved. The obligations of Troy under the Tax Indemnity are unsecured. No indemnity is given in respect of employers National Insurance contributions. The Company has been advised that the risk of HMRC assessing the Company to PAYE income tax and National Insurance contributions in respect of the non-recurring fees is remote. However, there can be no assurance that the Tax Indemnity will be sufficient to meet the liabilities of the Company to tax or that Troy will have sufficient resources to meet its obligations under the Tax Indemnity in the unlikely event that a claim is made.

11.7 On 29 June 2006 the Company and NCRC entered into new facility agreements with RBS (acting as agent for NatWest), pursuant to which NatWest agrees to provide a revolving credit facility (the "Working Capital Facility") and an account off-setting facility (the "Off-Set Facility") to the Company and NCRC.

Either the Company or NCRC may draw down advances on the Working Capital Facility in amounts of not less than £100,000 for periods of one, three or six months, up to a gross limit of £8 million, and may re-draw any amounts repaid. The Working Capital Facility is available from 29 June 2006 to 31 December 2007 and the Company and NCRC may choose to cancel any unused part of the Working Capital Facility during that period. Interest is payable on drawn-down advances at 1 per cent. over NatWest's base rate from time to time. The Working Capital Facility is repayable on demand (and additional interest is chargeable) if certain events of default occur. The arrangement fee of in respect of the Working Capital Facility is £12,000, and a quarterly commitment fee of 0.5 per cent. per annum is payable in respect of any un-drawn amounts for the duration of the Working Capital Facility. The Working Capital Facility contains a financial covenant given by the Company to the effect that the consolidated net tangible assets (as defined in the Working Capital Facility Agreement) of the Group shall not be less than £10 million.

The Off-Set Facility allows the Company and NCRC to overdraw on any of their accounts with NatWest (other than the Working Capital Facility), up to a gross limit of £12 million without any interest becoming payable, provided that a corresponding or greater amount stands to the credit of the remaining accounts which the Company and NCRC hold with NatWest.

Each of the Working Capital Facility and the Off-Set Facility are secured by an inter-company guarantee in favour of NatWest entered into by the Company, NCRC, NWS and other Group companies, as well as by fixed charges over the book debts of NCRC and NWS and any further security that NatWest may in future obtain.

12. Nationwide Share Scheme

Nationwide Accident Repair Services plc Share Option Plan ("the Plan")

12.1 *Adoption*

The Board adopted the Plan on 31 May 2006. The Plan is governed by the terms and conditions set out in the rules and the option agreement and is administered under the direction of the Board or any duly authorised committee of the Board.

12.2 *Participation*

Any employed director or employee of the Company or any Group company, or trustee acting on behalf of such individuals may participate in the Plan.

12.3 *Plan Limits*

The number of new Ordinary Shares which may be issued pursuant to options granted under the Plan and any other employee share scheme of the Company adopted in the previous ten years (but not including options granted prior to the date of adoption of the Plan) must not exceed 10 per cent. of the Company's issued Ordinary Share capital.

12.4 *Performance conditions*

The Board may specify any performance conditions which must be met before options can be exercised. Such performance conditions can be waived or amended if the Board reasonably considers that a different performance condition would be a fairer measure of performance and the new performance condition is not more difficult to achieve than the old performance condition.

12.5 *Grant of Options*

The Board has absolute discretion to grant options to employees on whatever terms it specifies. The grant of options will be evidenced by an option agreement.

Options may not be transferred, assigned or charged except in the event of an option holder's death, in which case the personal representatives of the option holder may exercise the option within 1 year of the date of death.

Options may only be granted:

(a) within 42 days immediately following the date when the Plan is adopted or the announcement of the Company's final or interim results in respect of any financial year; or

(b) within 14 days immediately following the option holder becoming an employee eligible to participate in the Plan; or

(c) on any day on which the Board resolves that exceptional circumstances exist which justify the grant of an option.

No award can be granted more than 10 years after adoption of the Plan.

12.6 *Exercise of Options*

Options can be exercised in whole or in part in accordance with any vesting schedule and subject to satisfaction of any performance conditions specified in the option agreement.

Unvested options become exercisable on a pro-rata basis (or in a greater amount or in full at the sole discretion of the Board) following cessation of the option holder's employment by reason of injury, disability, retirement, redundancy, the sale of an associated company or (at the sole discretion of the Board) any other reason other than dismissal for cause until such time as they lapse.

12.7 *Lapse of Options*

Options lapse on the earliest of:

(a) the tenth anniversary of the date of grant;

(b) following a corporate transaction;

(c) immediately when the participant ceases to be an employee because of dismissal for cause;

(d) two months after the participant ceases to be an employee by reason of injury, disability, retirement, redundancy, the sale of an associated company or (at the sole discretion of the Board) any other reason other than dismissal for cause;

(e) one year after the participant's death;

(f) immediately on cessation of employment for any other reason; or

(g) on the winding-up of the Company.

12.8 *Corporate Transactions*

If there is a general offer to acquire the entire issued Ordinary Share capital, options continue to be exercisable for 3 months after the change in control of the Company. If any person becomes bound or entitled to acquire the entire issued Ordinary Share capital of the Company under section 428-430F of the Act, options continue to be exercisable at any time when the person remains so bound or entitled. If there is a scheme or arrangement under section 425 of the Act, options continue to be exercisable for 1 month after the court sanctions the scheme. If the Company passes a resolution for voluntary winding-up, options continue to be exercisable for 1 month after the passing of the resolution. Any unvested options become exercisable at the time of the corporate transaction on a pro-rata basis unless the Board exercises its discretion to permit them to vest in a greater amount or in full. If there is a general offer to acquire the Company's shares or a scheme or arrangement under section 425 of the Act, the Board will have the discretion to permit option holders to exercise their options before completion of such corporate transaction.

Where any corporate transaction occurs, the Company may procure that the option holders will be granted new rights in substitution for their existing rights, provided that the new rights are no less valuable overall that the prior rights.

If there is any variation in the share capital of the Company, options will be adjusted in such manner as the Board considers appropriate.

12.9 *Amendments*

The Board may alter the rules of the Plan from time to time except that no alteration or addition may be made to the advantage of option holders or to the rules without the approval of the Company in general meeting, unless it is a minor amendment to benefit the administration of the Plan. Additionally, no amendment can be made which would adversely affect the rights of option holders without their consent.

12.10 *Tax liability on exercise*

As a condition of receiving their shares on exercise of the option, option holders must pay to the Company a sum equal to the income tax and employee social security contributions (if any) for which the Company or any group company must account under any withholding tax system or enter into such other arrangements including deduction from salary as will enable the Company to account for the amount that is subject to withholding.

Nationwide Accident Repair Services Plc Approved Share Option Plan (the "Approved Plan")

12.11 The Approved Plan is contained in a schedule to the Plan and was adopted by the Board on 31 May 2006. The Company will apply to HM Revenue & Customs for approval of the Approved Plan and David Loftus has been authorised by the Board to make any amendments as are necessary to ensure that the Approved Plan is approved by HM Revenue & Customs. Options granted under the Approved Plan can be exercised free of income tax and national insurance contributions charges provided certain qualifying conditions are met.

The Approved Plan is in substantially the same form as the Plan save that:

(a) *Participation*

Any employee of the Group or any director who is required to work at least 25 hours per week may participate in the Approved Plan, provided they do not have a "material interest" in the Company (broadly, the ability to control more than 25 per cent. of the Ordinary Shares).

(b) *Individual Limits*

Participants may not be granted options under the Approved Plan if the market value of the underlying shares as at the date of grant of the option, when aggregated with the market value on the date of grant of all other options granted under an approved share option scheme operated by any Group company, would exceed £30,000.

(c) *Performance Conditions*

Any performance conditions must be objective and cannot be waived or amended unless they no longer achieve their original purpose in which case the amendments must be fair and reasonable and the amended performance conditions must be no more difficult to meet than those originally imposed.

(d) *Corporate Transactions*

Following a takeover, participants may not be granted new options in substitution for their existing options unless the value of the old options and new options are equivalent and the substitution takes place within 6 months of the change of control.

If there is a variation in the share capital of the Company, the auditors must confirm that any adjustment is fair and reasonable and the adjustment must be approved by HM Revenue & Customs. The exercise price must not be reduced below the nominal value of a share.

(e) *Amendment to the Approved Plan*

Any amendment to a "key feature" of the Approved Plan must be approved by HM Revenue & Customs before it can take effect.

13. Litigation

The Company is not and has not been involved in any governmental, legal or arbitration proceedings in the 12 months preceding the date of this document which may have or have had significant effects on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

14. Working Capital

The Directors are of the opinion that, having made due and careful enquiry and taking account of facilities available, the working capital available to the Company and the Group will be sufficient for its present requirements, that is, for at least twelve months from the date of Admission.

15. Taxation

The following paragraphs are a general statement about the tax position of Shareholders who are resident or ordinarily resident in the United Kingdom in relation to the payment of dividends, capital gains tax, inheritance tax business property relief, stamp duty and stamp duty reserve tax. The statements below are intended to apply only as a general guide and do not constitute advice to any Shareholder on his or her personal tax position and may not apply to certain classes of investor (such as persons carrying on a share dealing trade in the United Kingdom or United Kingdom insurance companies). Any investors who are in doubt as to their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult his or her professional adviser.

Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of taxation consequences connected with an investment in shares in the Company.

15.1 *Income tax and dividends*

Under the current United Kingdom taxation legislation, income tax will not be deducted from dividends paid by the Company.

An individual United Kingdom resident Shareholder is generally entitled to a tax credit in respect of the dividend, which he can set off against his liability to United Kingdom income tax on the gross dividend. The amount of the tax credit is equal to 1/9th of the cash dividend. The cash dividend aggregated with the amount of the tax credit (the "gross dividend") will be included in the Shareholder's income for United Kingdom tax purposes and will be treated as the top slice of the Shareholder's income. Thus, a Shareholder receiving a dividend of £90 will be treated as having received income of £100 which has a tax credit of £10 attached to it.

An individual United Kingdom resident Shareholder who, after taking into account the gross dividend, pays income tax at the starting rate or basic rate will pay tax on the gross dividend at the dividend ordinary rate of 10 per cent. against which he can set off the tax credit. Such a Shareholder will therefore have no further liability to account for income tax on the dividend.

An individual United Kingdom resident Shareholder who, after taking into account the gross dividend, pays income tax at the higher rate will pay tax on the gross dividend at the dividend upper rate of 32.5 per cent. against which he can set off the tax credit. Such a Shareholder will have a liability to account for additional tax on the gross dividend, calculated by multiplying the gross dividend by the dividend upper rate and deducting the tax credit. This will be equivalent to 25 per cent. of the cash dividend received.

An individual United Kingdom resident Shareholder who does not pay income tax or whose liability to income tax does not exceed the amount of the tax credit will not be entitled to claim repayment of the tax credit attaching to the dividend.

With certain exceptions (for example, traders in securities), a holder of Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom which receives a dividend paid by the Company will not be subject to tax in respect of the dividend.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the dividend trust rate, currently 32.5 per cent.

Subject to certain exemptions for Commonwealth citizens, residents of the Isle of Man or the Channel Islands, nationals of any state which is party to the European Economic Area agreement and certain others, the right of a holder of Ordinary Shares who is not resident (for tax purposes) in the United Kingdom to a tax credit in respect of a dividend received from the Company will depend on the existence and terms of a relevant double tax convention concluded with the United Kingdom. However, following the reduction in the rate of tax credit on all distributions of United Kingdom companies, Shareholders are unlikely to be entitled to any payment from HM Revenue & Customs. Shareholders who are not resident in the United Kingdom should consult their own tax advisers concerning their liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if so, the procedure for so doing.

15.2 *UK Taxation of Chargeable Gains*

A disposal, or deemed disposal, of Ordinary Shares in the Company by a Shareholder who is either resident or ordinarily resident for tax purposes in the UK will, depending on the Shareholders 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 or ordinarily resident for tax purposes in the UK will not be liable for UK tax on capital gains realised on the disposal of their Ordinary Shares unless such Ordinary 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.

15.3 *Inheritance Tax – Business Property Relief*

Shares listed on AIM are treated as unquoted shares for the purposes of Business Property Relief. Unquoted ordinary shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. Business Property Relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

15.4 *Stamp Duty and Stamp Duty Reserve Tax*

Transfers of Ordinary Shares for value will give rise to a liability to United Kingdom *ad valorem* stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5). Transfers under the CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

16. Licences

The Group is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to its business or profitability.

17. Consents

17.1 Grant Thornton has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part III of this document in the form and context in which it appears and has authorised the contents of such report for the purposes of Schedule 2 to the AIM Rules.

17.2 Arbuthnot has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

18. Significant Change

There has been no significant change in the financial or trading position of the Group since 31 March 2006, being the date up to which the Group's last unaudited accounts were prepared.

19. Other Information

19.1 The accounting reference date of the Company is 31 December.

19.2 The financial information set out in this document relating to the Group does not constitute statutory accounts within the meaning of section 240 of the Act. The Company's auditors are Grant Thornton, whose registered office is Grant Thornton House, Melton Street, London NW1 2EP. Grant Thornton are Chartered Accountants and Registered Auditors. Grant Thornton have given audit reports on the consolidated statutory accounts of the Company, without qualification, for the three financial years ended 31 December 2003, 2004 and 2005 within the meaning of section 235 of the Act in accordance with generally accepted auditing standards in the United Kingdom. None of the reports contained any statements under sub-section 237(2) or (3) of the Act. Statutory accounts of the Company for each of the three financial years ended 31 December 2003, 2004 and 2005 have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Act.

19.3 The Company's registrars are Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

19.4 Save as disclosed in paragraph 9.21 of Part III A of this document and paragraph 19.5 below, no person (excluding professional advisers as stated in this document and trade suppliers) has received directly or indirectly from the Group within the 12 months preceding the Company's application for Admission and no persons have entered into contractual arrangements to receive:

(i) fees totalling £10,000 or more calculated by reference to the Placing Price;

(ii) securities in the Company with a value of £10,000 or more;

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

19.5 In addition to the fees paid by the Company to Troy, in the 12 months preceding Admission, the Company has paid the following fees in connection with the provision of legal, accountancy and tax advisory services and management fees:

(a) £125,000 to GPG (UK) Holdings Plc;

(b) £125,000 to North Atlantic Value LLP;

(c) £100,000 to Deloitte;

(d) £40,332 to Osborne Clarke;

(e) £22,790 to Grant Thornton; and

(f) £15,080 to Cobbetts.

19.6 The expenses of the Placing and Admission payable by the Company are estimated to amount to approximately £0.8 million (including VAT).

19.7 Certain of the information contained in Part I of this document which is sourced from the 2005 Bodyshop Magazine survey, Datamonitor research on the United Kingdom Automotive Aftermarket and AM Magazine top 50 independent bodyshops, has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the authors of such documents, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.8 The Ordinary Shares will be issued at the Placing Price. This represents a premium of 98.5 pence per share to the nominal value of 12.5 pence of each Ordinary Share.

19.9 There are no significant investments in progress by the Group.

19.10 There are no arrangements in force for the waiver of future dividends.

19.11 There are no specific dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.

19.12 The Company is in the process of securing key man life insurance of £1 million for Michael Wilmshurst, the Chief Executive, £1 million for David Loftus, the Finance Director and £500,000 for Stephen Thompson, an Executive Director.

19.13 There are no environmental issues which may affect the use by the Group of its tangible fixed assets.

19.14 Other than the current 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 or refused nor are there intended to be other arrangements for dealings in the Ordinary Shares.

19.15 The Directors are not aware of any exceptional factors which have influenced the Group's activities.

20. Copies of this Document

Copies of this document will be available, free of charge, at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR from the date of this document during normal business of any weekday, Saturdays and public holidays excepted, for one month from the date of Admission.

Dated: 29 June 2006

DEFINITIONS

"Act" or "Companies Act"	the Companies Act 1985, as amended
"Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the market of that name operated by London Stock Exchange
"AIM Rules"	the rules of AIM governing admission to and the operation of AIM for AIM companies and their nominated advisers as published by London Stock Exchange from time to time in relation to AIM traded securities
"Arbuthnot"	Arbuthnot Securities Limited, the Company's nominated adviser and broker
"Articles"	the articles of association of the Company adopted by special resolution on 31 May 2006, conditional on Admission
"Audit Committee"	the audit committee of the Board
"Board" or "Directors"	directors of the Company, whose names are set out on page 5 of this document
"Combined Code"	the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003
"Company" or "Nationwide"	Nationwide Accident Repair Services plc and, where the context requires, all or any of its subsidiaries
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales, the Operator of CREST
"CREST Regulations"	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
"DHL"	Deutsche Post World Net
"Existing Shareholders"	the Shareholders immediately prior to Admission
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000
"Gemini"	Gemini Accident Repair Centres Limited
"Gowrings"	Gowrings Motor Holdings Limited
"Grant Thornton"	Grant Thornton UK LLP
"Group"	the Company and all or any of its subsidiaries
"HGV"	Heavy Goods Vehicle
"HMRC"	Her Majesty's Revenue and Customs
"IFRS"	International Financial Reporting Standards
"Lock-In Agreements"	the agreements dated 29 June 2006, details of which are set out in paragraph 11 of Part IV of this document
"London Stock Exchange"	London Stock Exchange plc
"Mobile Solutions"	the business carried on by Mobile Vehicle Repairs Limited (being a member of the Group)

"NatWest"	National Westminster Bank plc
"NCRC"	Nationwide Crash Repair Centres Limited (being a member of the Group)
"Nomination Committee"	the nomination committee of the Board
"Norwich Union"	Norwich Union, a subsidiary of Aviva plc
"NWS"	Network Services (Nationwide) Limited (being a member of the Group)
"Nationwide Share Scheme"	the Company's share scheme, further details of which are contained in paragraph 12 of Part IV of this document
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	the 44,872,220 ordinary shares of 12.5p each in the capital of the Company each as sub-divided from ordinary shares of 25p each by a resolution of the Company passed on 31 May 2006, and conditional on Admission and "Ordinary Share" shall be construed accordingly
"Placees"	the purchasers of Sale Shares pursuant to the Placing
"Placing"	the conditional placing by Arbuthnot on behalf of the Selling Shareholders of the Sale Shares pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 29 June 2006 between the Company, the Directors, the Selling Shareholders and Arbuthnot, relating to the Placing, details of which are set out in paragraph 11 of Part IV of this document
"Placing Price"	111p per Sale Share
"RBS"	The Royal Bank of Scotland plc
"Remuneration Committee"	the remuneration committee of the Board
"RPI"	Retail Price Index
"R&SA"	Royal & SunAlliance Insurance plc
"R&SA Contracts"	the agreements between R&SA and NCRC dated 8 November 2004 and between R&SA and Gemini dated 15 November 2004
"Sale Shares"	the 15,765,766 Ordinary Shares to be sold to Placees under the Placing pursuant to the Placing Agreement
"Selling Shareholders"	the Shareholders who are selling Ordinary Shares in the Placing pursuant to the Placing Agreement, details of which are set out in paragraph 11 of Part IV of this document
"Shareholders"	holders of Ordinary Shares
"Subsidiary"	as defined in section 736 and 736A of the Companies Act
"Tax Indemnity"	the agreement dated 29 June 2006 between Troy, the Company and Arbuthnot details of which are set out in paragraph 11 of Part IV of this document
"Troy"	Troy Solutions Limited
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories, possessions and domains
"Zurich"	Zurich Financial Services AG