

Castor Investments Acquisition

RNS Number: 8127J

Castor Investments Plc

2 October 2006

RNS announcement

Castor Investments plc ("Castor Investments" or the "Company")

Proposed acquisition of Merchant Securities Holdings Limited ("MSH") Proposed re-admission to trading on AIM as "Merchant Securities plc" Rule 9 whitewash

Castor, the cash shell admitted to trading on AIM on 2 March 2005, announces that it has entered into an agreement with MSH to acquire the entire issued, and to be issued, share capital of MSH for GBP8.35 million, to be satisfied by the issue of 16,700,000 New Ordinary Shares at 50 pence per share.

Trading on AIM of the Company's Existing Ordinary Shares was suspended on 3 April 2006. At that time, the closing mid market price of an Existing Ordinary Share was 4.875p, valuing Castor at GBP1.33 million. At that time the Company had cash of approximately GBP1.0 million and no other significant assets or liabilities. On its admission to AIM, Castor's strategy was the acquisition of one or more related businesses in the healthcare/life sciences or support services sectors with the prospect of substantial and sustained growth. Castor has been unable to identify suitable acquisitions within those sectors; however, it believes that the MSH Group is a business which has the potential for substantial and sustained growth.

The MSH Group's business consists of the provision to clients in both the private client and institutional stockbroking markets of corporate finance, private client investment management services (both advisory and discretionary) and institutional sales trading.

The Consideration Shares will represent 86 per cent. of the Enlarged Share Capital. In view of the size of MSH relative to the Company, the Acquisition will constitute a reverse takeover of Castor Investments under the AIM Rules and therefore requires the prior approval of Shareholders at an EGM. The acquisition values MSH at a market capitalisation of GBP9.7 million.

Tony Fabrizi, chief executive of MSH, said:

"We believe that the profile and status of MSH will be enhanced by an AIM listing, enabling us to attract new clients both in the private client and institutional stockbroking markets. The experienced management team, with a significant share ownership position in the business, will help build and develop a successful business in our chosen markets."

Arden Partners plc have been appointed as nominated adviser and broker to the Company with immediate effect.

The associated admission document has been published and is available for one month, free of charge, at the offices of Arden Partners plc, Nicholas House, 3 Laurence Pountney Hill, London EC4R 0EU, and also on the website of Merchant Securities Ltd at www.merchantsecurities.co.uk.

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