

**THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the Offer or the action you should take, you are recommended to seek your own personal financial advice from an independent professional financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your Protec Shares, please forward this document and the accompanying documentation as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. These documents should not, however, be mailed or otherwise sent into the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. If you have sold or otherwise transferred only part of your holding of Protec Shares, you should retain these documents.

Brewin Dolphin, a member of the London Stock Exchange, is authorised and regulated by the Financial Services Authority. Brewin Dolphin is acting exclusively for Quadnetics and no-one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than Quadnetics for providing the protections afforded to clients of Brewin Dolphin or for providing advice in relation to the Offer or any other matters described in this document.

Teather & Greenwood, a member of the London Stock Exchange, is authorised and regulated by the Financial Services Authority. Teather & Greenwood is acting exclusively for Protec and no-one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than Protec for providing the protections afforded to clients of Teather & Greenwood or for providing advice in relation to the Offer or any other matters described in this document.

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## **Recommended Offer**

by

**Brewin Dolphin Securities Ltd**

on behalf of

**Quadnetics Group Plc**

for

**Protec Plc**

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Your attention is drawn to the letter from the Chairman of Protec, which contains the recommendation of the directors of Protec to accept the Offer, which is set out on pages 4 to 7 of this document.

The procedure for acceptance of the Offer is set out on pages 12 to 14 of this document and in the accompanying Form of Acceptance. To accept the Offer you must complete and return the Form of Acceptance as soon as possible and, in any event, so as to be received by Capita Registrars, the Receiving Agent, by no later than 1.00 p.m. on 21 October 2005. If you are a CREST sponsored member, you should refer to your CREST sponsor before completing the Form of Acceptance.

The Offer is not being made, directly or indirectly, in or into, and is not capable of acceptance in or from, the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. Custodians, nominees and trustees should observe these restrictions and should not send or distribute documents in, into or from the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan.

This document should be read in conjunction with the Form of Acceptance which forms a part of this document.

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## PART 1

### LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF PROTEC

Axis 7, Rhodes Way, Radlett, Watford, Hertfordshire WD24 4TP

*(Registered in England and Wales No.2876304)*

30 September 2005

#### **Directors:**

P H Parker *(Non-executive Chairman)*

W J W Moir *(Chief Executive)*

P K I Geraghty *(Finance Director)*

J P Kirtland *(Executive Director)*

R W Westcott *(Non-executive Director)*

L J Turner *(Non-executive Director)*

D Bate *(Non-executive Director)*

*To Protec Shareholders and, for information only, to participants in the Protec Share Option Schemes*

Dear Sir or Madam

#### **Recommended Offer for Protec**

##### **Introduction**

It was announced on 23 September 2005 that the boards of directors of Quadnetics and Protec had agreed the terms of a recommended all share offer to be made by Brewin Dolphin, on behalf of Quadnetics, to acquire the entire issued and to be issued ordinary share capital of Protec. This follows the announcement on 14 January 2005 that Protec was in discussions that may or may not lead to an offer being made for Protec. The Offer values the Protec Shares to which the Offer relates at approximately £9.0 million.

I am writing to you to explain the background to the Offer and the reasons why the Protec Board, who have been so advised by Teather & Greenwood, consider the Offer to be fair and reasonable and, accordingly, is unanimously recommending Protec Shareholders to accept the Offer, as they have irrevocably undertaken to do in respect of the whole of their beneficial holdings of Protec Shares.

The Protec Directors and certain other Protec Shareholders, namely Midia Investments SA, and managers of funds which include Protec Shares (Blue Hone Investors LLP, Close Investment Limited and Singer & Friedlander Investment Management Limited) have irrevocably undertaken to accept the Offer in respect of, in aggregate, 99,758,979 Protec Shares, representing approximately 62.15 per cent. of the existing issued ordinary share capital of Protec. Further details of these irrevocable undertakings are set out below.

Your attention is drawn to the letter from Brewin Dolphin in Part 2 of this document, the Form of Acceptance and to Appendix I to this document which set out the terms and conditions of the Offer.

##### **The Offer**

The Offer, which is set out in full in the letter from Brewin Dolphin in Part 2 of this document, is being made on the following basis:

**for every 43 Protec Shares : 1 New Quadnetics Share**

Based on the Closing Price of a Quadnetics Share of 240 pence on 29 September 2005, being the last business day prior to the posting of this document, the Offer values the whole of the issued ordinary share capital at approximately £9.0 million.

The Offer represents a premium of approximately 18 per cent. over the Closing Price of 4.75 pence per Protec Share on 13 January 2005, being the last Business Day prior to the announcement by Protec on 14 January 2005 that it was in discussions which may or may not lead to an offer being made for Protec.

The Offer extends to all Protec Shares unconditionally allotted or issued and fully paid on the date of the Offer. The Offer is subject to the conditions and further terms set out in Appendix I to this document and in the accompanying Form of Acceptance.

### **Background to and reasons for the recommendation of the Offer**

On 15 October 2004, following disappointing first quarter results, the Protec Board announced a strategic and operational review. The review was aimed at refocusing the Protec business on higher margin activity with the intention being to position better the Protec Group for sustained profitable growth, with each division generating more acceptable levels of return. As part of its review, the Protec Board concluded that over the medium term Protec would need critical mass to be competitive in an increasingly demanding marketplace. The Private Finance Initiative (PFI) business was restructured and at the same time, Protec began to examine suitable acquisition opportunities with a view to strengthening the business by adding complementary technical skills or sector expertise.

Following the announcement of the strategic review, Quadnetics and a number of other parties expressed an interest in acquiring the entire issued share capital of Protec. While these discussions were progressing, Protec announced on 31 March 2005 its interim results for the six months ended 31 December 2004, reporting a loss before tax of £783,000 and noting that more significant changes would be required for the Protec Group to deliver better returns in the future. The trading update, released on 23 May 2005, noted that the second half performance has been mixed. Since this subsequent announcement, Protec's surveillance business was restructured.

Whilst the Protec Board now believes that the Protec Group has an improved cost base, a more robust business model and a positive future, it considers that even greater benefits can be achieved by combining with a similar business. The Enlarged Group will have a more significant share of the UK CCTV market as well as being able to offer a wider scope of products and services to customers. In addition, the combination of the businesses of Protec and Quadnetics will provide the opportunity for operational efficiencies and cost savings. As a result the Protec Board believes that this will result in enhanced returns for Protec Shareholders.

In view of these factors, the Protec Directors have concluded that the Offer represents fair value for Protec and therefore that the Offer is in the best interests of Protec Shareholders.

### **Current Trading and Prospects**

The full year results for the year ended 30 June 2005 will reflect the cost of the significant restructuring in the PFI and Surveillance businesses and the cost of changes to the Protec Board.

The order intake in Protec's Systems business has been encouraging in the last two months. Protec's Services division also continues to deliver good results. The PFI business now has a major partnering agreement in place and has a small amount of profitable work in hand. Protec's Surveillance business now benefits from a lower cost base and a reasonable order book although further improvement is needed.

### **Irrevocable Undertakings**

The Protec Directors have irrevocably undertaken to accept the Offer in respect of their entire holdings of 30,621,761 Protec Shares, representing approximately 19.1 per cent. of Protec's existing issued ordinary share capital. These irrevocable undertakings will remain binding in the event of a higher offer being made for Protec, but will cease to be binding in the event that the Offer lapses or is withdrawn.

In addition Quadnetics has received the following irrevocable undertakings to accept the Offer:

- From Midia Investments S.A. in respect of its entire holding, which amounts to 43,993,702 Protec Shares, representing 27.4 per cent. of the existing issued Protec Shares.
- From Blue Hone Investors LLP in respect of funds managed by it, the beneficial owners of which are The AIM VCT Trust plc and AIM 2 VCT plc in respect of 8,653,817 and 9,017,405 Protec Shares respectively, amounting to 17,671,222 Protec Shares, representing 11.0 per cent. of the existing issued Protec Shares.
- From Close Investment Limited in respect of funds managed by it, the beneficial owners of which are Close Brothers AIM VCT plc and Close Beacon Investment Fund in respect of 4,669,101 and 694,132 Protec Shares respectively, amounting to 5,363,233 Protec Shares, representing 3.34 per cent. of the existing issued Protec Shares.

- From Singer & Friedlander Investment Management Limited (“S&F”) in respect of funds managed by it, the beneficial owners of which include Singer & Friedlander AIM VCT plc in respect of 1,601,887 Protec Shares and other funds managed by S&F in respect of 507,174 Protec Shares, amounting to 2,109,061 Protec Shares, representing 1.31 per cent. of the existing issued Protec Shares.

These undertakings will cease to be binding if a competing offer for Protec is made which values a Protec Share at more than a 10 per cent. premium to the Closing Price of a Protec Share on the last Business Day before the Announcement.

**Accordingly, Quadnetics has received irrevocable undertakings to accept the Offer in respect of, in aggregate, 99,758,979 Protec Shares representing approximately 62.15 per cent. of the existing issued ordinary share capital of Protec.**

#### **Management and employees**

Quadnetics has confirmed to the Protec Directors that, following the Offer becoming, or being declared, unconditional in all respects, the existing employment rights, including pension rights, of all employees of the Protec Group will be safeguarded.

Dennis Bate and Bob Westcott have been invited to join the Quadnetics Board upon the Offer becoming, or being declared, unconditional in all respects. It is intended that all Protec Directors will resign from the Protec Board upon the Offer becoming, or being declared, unconditional in all respects, without compensation for loss of office.

#### **Compulsory acquisition, de-listing, cancellation of trading and re-registration**

If Quadnetics receives acceptances under the Offer in respect of, or otherwise acquires, 90 per cent. or more of the Protec Shares to which the Offer relates, Quadnetics intends to exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Act to acquire compulsorily the remaining Protec Shares to which the Offer relates on the same terms as the Offer.

Quadnetics has stated that as soon as it is appropriate and possible to do so, and subject to the Offer becoming, or being declared, unconditional in all respects, it intends to procure the making of an application by Protec to the London Stock Exchange for the cancellation of admission of the Protec Shares to trading on AIM. It is anticipated that such cancellations will take effect no earlier than 20 Business Days after the date on which the Offer becomes, or is declared, unconditional in all respects.

**De-listing is expected to significantly reduce the liquidity and marketability of any Protec Shares not acquired under the Offer.**

It is also proposed that, following the Offer becoming, or being declared, unconditional in all respects, and after the Protec Shares are cancelled from admission to trading on AIM, Protec will be re-registered as a private limited company under the relevant provisions of the Act.

#### **Inducement Fee**

Quadnetics and Protec have entered into an agreement under which Protec has agreed to pay Quadnetics an inducement fee of £90,000 (inclusive of any non-recoverable VAT) if, prior to the Offer lapsing or being withdrawn or being declared, or becoming, unconditional in all respects, an alternative offer (however structured) for the issued share capital of Protec becomes or is declared unconditional in all respects or the Board of Protec changes its recommendation of the Offer.

The Protec Directors are satisfied that entering into the inducement fee arrangement has enabled the Offer to be made on the current terms and that it is in the best interests of Protec Shareholders for the Offer to be made. Accordingly, the Protec Directors and Teather & Greenwood consider the inducement fee letter to be in the best interests of Protec Shareholders.

Further details of the inducement fee agreement are set out in paragraph 6 of Appendix II to this document.

#### **Protec Share Option Schemes**

The Offer extends to any Protec Shares which are unconditionally allotted or issued before the date on which the Offer closes as a result of the exercise of options granted under the Protec Share Option Schemes.

If the Offer becomes, or is declared, unconditional in all respects, appropriate proposals will be made to holders of options under the Protec Share Option Schemes.

## **United Kingdom Taxation**

Your attention is drawn to paragraph 15 in the letter from Brewin Dolphin in Part 2 of this document headed "United Kingdom taxation". **If you are in any doubt as to your tax position or if you are subject to tax in any jurisdiction other than the United Kingdom, you should consult an appropriate independent professional adviser without delay.**

## **Action to be taken to accept the Offer**

Your attention is drawn to the procedure for accepting the Offer, which is set out in paragraph 14 of the letter from Brewin Dolphin in Part 2 of this document, Parts A, B and C of Appendix I to this document and to the accompanying Form of Acceptance which, together, set out the procedure for acceptance of the Offer.

In order to accept the Offer in respect of Protec Shares held in certificated form, you must complete, sign, witness (in the case of an individual) and return the accompanying Form of Acceptance in accordance with the instructions printed on it and return it together with your share certificate(s) and/or other document(s) of title, as soon as possible, but, in any event, so as to be received by post or (during normal business hours) by hand, to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH by no later than 1.00 p.m. (London time) on 21 October 2005. A reply-paid envelope accompanies this document for your use in the United Kingdom.

Acceptances in respect of uncertificated Protec Shares (that is Protec Shares held in CREST) should be made electronically through CREST following the procedures set out in paragraph 14 of the letter from Brewin Dolphin in Part 2 to this document so that the TTE instruction settles not later than 1.00 p.m. on 21 October 2005.

If you are in any doubt about the Offer or the action you should take, you are recommended immediately to seek your own independent advice from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if not, from another appropriate independent financial adviser.

## **Recommendation**

**We, the Protec Directors, having been so advised by Teather & Greenwood, consider the terms of the Offer to be fair and reasonable so far as Protec Shareholders are concerned. In providing advice to the Protec Directors, Teather & Greenwood has taken into account the commercial assessments of the Protec Directors.**

Accordingly, we, the Protec Directors, unanimously recommend all Protec Shareholders to accept the Offer as we have irrevocably undertaken to do in respect of our own beneficial holdings amounting, in aggregate, to 30,621,761 Protec Shares, representing approximately 19.1 per cent. of the existing issued Protec Shares.

Yours faithfully  
for and on behalf of  
Protec

P H Parker  
Chairman

## PART 2

### LETTER FROM BREWIN DOLPHIN



*Registered office:*  
5 Giltspur Street  
London  
EC1A 9BD

30 September 2005

*To Protec Shareholders and, for information only, to participants in the Protec Share Option Schemes*

Dear Sir or Madam,

#### **Recommended Offer for Protec plc by Quadnetics Group plc**

##### **1. Introduction**

On 23 September 2005, the boards of Quadnetics and Protec announced that they had unanimously agreed the terms of the recommended offer to be made by Brewin Dolphin on behalf of Quadnetics for the entire issued and to be issued ordinary share capital of Protec.

This document and accompanying Form of Acceptance contains the formal terms and conditions of the Offer and should be read in conjunction with the accompanying Equivalent Document which contains financial and other information on Protec and the New Quadnetics Shares to be issued in connection with the Offer. This letter also contains summary information on Quadnetics and Protec.

The Quadnetics Directors have recommended Quadnetics Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to increase Quadnetics' authorised share capital and authorities relating to it to facilitate the completion of the recommended offer. If you are also a Quadnetics Shareholder you will receive, or will have received, separate instructions as to what action you should take in respect of that meeting.

**Your attention is drawn to the letter of recommendation from the Chairman of Protec set out in Part 1 of this document, which explains why the Protec Directors, who have been so advised by Teather & Greenwood, consider the terms of the Offer to fair and reasonable and are unanimously recommending you to accept the Offer.**

##### **2. The Offer**

On behalf of Quadnetics, Brewin Dolphin hereby offers to acquire, on the terms and subject to the conditions set out, or referred to, in Appendix I to this document and in this document and the accompanying Form of Acceptance, all of the Protec Shares on the following basis:

**for every 43 Protec Share : 1 New Quadnetics Share**

Fractions of New Quadnetics Shares will not be allotted or issued to holders of Protec Shares who accept the Offer (including such holders who are deemed to accept the Offer) but will be aggregated and sold in the market and the proceeds retained for the benefit of the Enlarged Group.

There is no cash alternative.

The Offer values the entire issued and to be issued share capital of Protec at approximately £9.0 million and each Protec Share at approximately 5.6 pence based on the Closing Price of a Quadnetics Share of 240 pence on 29 September 2005, being the last business day prior to the posting of this document.

The Offer represents a premium of approximately 18 per cent. to the Closing Price of 4.75 pence per Protec Share on 13 January 2005, being the last Business Day prior to the announcement by Protec on 14 January 2005 that it was a discussions which may or may not lead to an offer being made for Protec.

**Forms of Acceptance in relation to the Offer should be received as soon as possible but in any event by not later than 1.00 p.m. on 21 October 2005. If you hold your Protec Shares in uncertificated Form (ie**

**CREST) you should, in addition, ensure that the TTE instruction to CRESTCo settles by no later than 1.00 p.m. on 21 October 2005.** The procedure for acceptance of the Offer is set out in paragraph 14 of this letter and in Part C of Appendix I to this document.

Details of the further terms and conditions of the Offer are set out below and in Appendix I to this document.

### 3. Further details of the Offer

The Protec Shares will be acquired under the Offer fully paid and free from all liens, equities, charges, encumbrances and other interests and together with all rights attaching to them after 23 September 2005 (the day of the announcement of the Offer), including the right to receive all dividends (if any) declared, made or paid thereafter. Protec Shareholders who accept the Offer will not be eligible to receive and retain the final dividend of 3p per Quadnetics Share for the financial year ended 31 May 2005.

The Offer will be subject to the conditions set out in Appendix I to this document and in the Form of Acceptance. The Offer can only become effective if all conditions to the Offer have been satisfied or waived.

The Offer extends to any Protec Shares which are unconditionally allotted or issued prior to the date on which the Offer closes (or such earlier date as, with the Panel's consent or in accordance with the City Code, Quadnetics may decide) as a result of the exercise of options under the Protec Share Option Schemes or otherwise.

Full acceptance of the Offer, assuming no exercise of options under the Protec Share Option Schemes before the Offer closes, would result in the issue of approximately 3,732,861 New Quadnetics Shares, representing 23 per cent. of the Enlarged Issued Share Capital.

The Offer is conditional upon, *inter alia*, the approval by Quadnetics Shareholders of the Resolutions at the Extraordinary General Meeting of Quadnetics, further details of which are set out in the Circular sent to Quadnetics Shareholders today.

#### *Financial effects of acceptance of the Offer*

The following table sets out, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects of acceptance of the Offer on capital value and gross income for an accepting holder of 43 Protec Shares, if the Offer becomes or is declared unconditional in all respects:

#### *A. Increase in capital value*

	<i>Notes</i>	<i>Under the Offer</i>
Market value of 43 Protec Shares on 13 January 2005	(i)	204.25p
Market value of one Quadnetics Share on 29 September 2005	(ii)	240p
Increase in capital value		35.75p
This represents an increase of approximately:		17.5%

#### *B. Increase in gross income under the terms of the Offer*

Gross dividend income on 43 Protec Shares		Nil
Gross dividend from one Quadnetics Share	(iii)	4p
Increase in gross income		4p

Notes:

- (i) The market value of one Protec Share in A above is based on the Closing Price of a Protec Share of 4.75 pence on 13 January 2005, the last business day prior to the commencement of the Offer Period.
- (ii) The market value of one Quadnetics Share in A above is based on the Closing Price of a Quadnetics Share of 240 pence on 29 September 2005, the last business day prior to the posting of this document.
- (iii) The gross dividend income of one Quadnetics Share is based on the aggregate of the interim and final dividend of 4 pence in respect of the year ended 31 May 2005.

### 4. Irrevocable undertakings

Quadnetics has received irrevocable undertakings to accept the Offer from the Protec Directors in respect of, in aggregate, 30,621,761 Protec Shares, representing approximately 19.1 per cent. of the



existing issued Protec Shares. These undertakings will cease to be binding only if the Offer lapses or is withdrawn.

In addition, Quadnetics has received the following irrevocable undertakings to accept the Offer:

- From Midia Investments S.A. in respect of its entire holding, which amounts to 43,993,702 Protec Shares, representing 27.4 per cent. of the existing issued Protec Shares.
- From Blue Hone Investors LLP in respect of funds managed by it, the beneficial owners of which are The AIM VCT Trust plc and AIM 2 VCT plc in respect of 8,653,817 and 9,017,405 Protec Shares respectively, amounting to 17,671,222 Protec Shares, representing 11.0 per cent. of the existing issued Protec Shares.
- From Close Investment Limited in respect of funds managed by it, the beneficial owners of which are Close Brothers AIM VCT plc and Close Beacon Investment Fund in respect of 4,669,101 and 694,132 Protec Shares respectively, amounting to 5,363,233 Protec Shares, representing 3.34 per cent. of the existing issued Protec Shares.
- From Singer & Friedlander Investment Management Limited (“S&F”) in respect of funds managed by it, the beneficial owners of which include Singer & Friedlander AIM VCT plc in respect of 1,601,887 Protec Shares and other funds managed by S&F in respect of 507,174 Protec Shares, amounting to 2,109,061 Protec Shares, representing 1.31 per cent. of the existing issued Protec Shares.

These undertakings will cease to be binding if a competing offer for Protec is made which values a Protec Share at more than a 10 per cent. premium to the Closing Price of a Protec Share on the last Business Day before the Announcement.

Accordingly, Quadnetics has irrevocable undertakings to accept the Offer in respect of, in aggregate, 99,758,979 Protec Shares representing 62.15 per cent. of the existing issued Protec Shares as at 29 September 2005, being the latest Business Day prior to the posting of this document.

## **5. Background to and reasons for the Offer**

The increasing demand for digital and networked systems, has led to strong organic growth of revenues and profit over recent years. Quadnetics’ strategy is to build on the strengths of its technology and market positions by expanding its presence in wider geographic and end-user applications, through both further organic growth and acquisitions.

Since February 2004, Quadnetics has acquired and integrated the businesses of Look CCTV, Coex Limited and Alphapoint LLC.

The Offer represents an opportunity for Quadnetics to expand its presence in end-user application sectors where its penetration is currently limited, especially in prisons and high-security government installations. Protec also offers, through its SSS Security Management subsidiary, a fully equipped, up-to-date alarm receiving centre and security facilities management capability that will allow Quadnetics to expand the range of services available to its existing clients. In addition, Protec has a significant base of business and client relationships in the Middle East, a geographic area that is an important and growing focus for sales of Quadnetics’ Synectics products and systems.

The addition of Protec’s business to Quadnetics will result in a significantly increased share of the UK CCTV integration market for the Enlarged Group. As well as the wider scope of products and services available to both sets of customers, the Quadnetics Board believes that the Offer will also provide the opportunity for operational efficiencies and cost savings deriving from the increased scale of the Enlarged Group.

## **6. Information on Quadnetics**

Over the years Quadnetics has successfully grown to become a significant supplier of electronic security products and services. The Quadnetics Directors believe that Quadnetics is a leader in the development, design, integration and control of advanced closed circuit television (“CCTV”) security systems and related control and networking products.

Quadnetics is a specialist electronic systems company, operating in the areas of CCTV security and video network control. Over a number of years, it has developed what the Quadnetics Directors believe is a leading position in large scale and complex surveillance systems in the UK, especially for town centres and other public spaces.

The Quadnetics Group comprises the following businesses:

- **Quadrant Video Systems plc (“QVS”)**  
QVS, based in Nottingham, supplies access control and security systems to local authorities, commercial, industrial and banking sectors.
- **Look CCTV**  
Look, based in Poulton-le-Fylde, Lancashire, is a UK leader in the development and supply of CCTV systems for bus manufacturers and operators.
- **Coex Limited (“Coex”)**  
Coex, based in Brigg, Lincolnshire, is a specialist manufacturer and supplier of CCTV equipment and systems for extreme or hazardous environments. Coex primarily serves the worldwide marine, oil and gas markets, providing proprietary engineered CCTV products for offshore platforms and ships.
- **Synectic Systems Limited (“Synectics”)**  
Synectics, based in Sheffield, is an award-winning designer and manufacturer of advanced CCTV switching, recording and network technology.
- **Synectic Systems Inc (“Synectics Inc.”)**  
Synectics Inc., based in California, USA, was established in March 2005 to acquire the trade and assets of Alphapoint LLC in May 2005. Synectics Inc. is a specialist IT company working in the Internet Protocol CCTV field, with particular focus on casinos.

#### *Prospects for the Enlarged Group*

The Quadnetics Board is confident in the prospects for the Enlarged Group and believes that, as a result of the increased scale created through the Offer and the expected trading and cost synergies, the Enlarged Group should be well positioned to deliver improvements in business performance.

Further financial and other information relating to Quadnetics and the New Quadnetics Shares and the effect of full acceptance of the Offer upon Quadnetics’ assets, profits and business is set out in the Equivalent Document which accompanies this document.

#### **7. Information on Protec**

The Protec Group is an independent security, technology integration and surveillance business.

Protec’s headquarters are based in Watford and the group is structured into three divisions:

- **SDA Protec**  
This is the Protec Group’s systems division. Its activities include the design, installation and maintenance of major integrated security systems. The SDA group of companies has 26 years of experience in providing complex integrated security systems to many large customers around the World.
- **SSS Protec**  
This is the Protec Group’s services division. Its core activity is the provision of facilities management, sophisticated security monitoring and maintenance services to, in the main, large multi-site retailers.
- **Falcon Protec**  
This is the Protec Group’s surveillance division. Falcon develops electronic security products and systems for private and public sector customers.

Further financial information relating to the Protec Group is set out in the Equivalent Document which accompanies this document.

#### **8. Board and management**

The members of the Quadnetics Board will continue to be responsible for their respective functions in the Enlarged Group. Dennis Bate and Bob Westcott, who are currently directors of Protec, have been invited to join the Quadnetics Board as non-executive directors upon the Offer becoming, or being declared, unconditional in all respects.

It is intended that the other Protec Directors will stand down from the board of Protec once the Offer becomes, or is declared, unconditional in all respects. Details of arrangements with Protec Directors are set out in paragraph 5 of Appendix II of this document.

#### **9. Consents and meeting**

The Offer is conditional upon the passing by Quadnetics Shareholders of the Resolutions to be proposed at the Extraordinary General Meeting. Quadnetics Shareholders will be asked for authority to increase the authorised share capital of Quadnetics to the extent necessary to implement the Offer and to grant the requisite allotment authority to the Quadnetics Directors.

#### **10. Dividend policy**

Paragraph 8 of Part I of the Equivalent Document contains details of Quadnetics' dividend policy.

#### **11. Inducement fee**

Quadnetics and Protec have entered into an agreement under which Protec has agreed to pay Quadnetics an inducement fee of £90,000 (inclusive of any non-recoverable VAT) if prior to the Offer lapsing or being withdrawn or being declared or becoming unconditional in all respects an alternative offer (however structured) for the issued share capital of Protec becomes or is declared unconditional in all respects or the Board of Protec changes its recommendation of the Offer.

#### **12. Protec management and employees**

Quadnetics attaches great importance to the skills and experience of the existing management and employees of Protec and believes that most will have greater opportunities with Quadnetics. The existing employment rights, including pension rights, of all employees of Protec will be safeguarded.

#### **13. Protec Share Option Schemes**

Appropriate proposals will be made to members of the Protec Share Option Schemes upon the Offer being declared unconditional in all respects.

#### **14. Procedure for acceptance of the Offer**

This section should be read together with Part C of Appendix I and the notes to the Form of Acceptance.

##### *(a) Completion of the Form of Acceptance*

If you hold Protec Shares in both certificated and uncertificated form (that is to say, in CREST), you should complete a separate Form of Acceptance for each holding. In addition, you should complete separate Forms of Acceptance for Protec Shares held in uncertificated form but under different member account IDs and for Protec Shares held in certificated form but under different designations. Additional Forms of Acceptance are available from the offices of Brewin Dolphin at 34 Lisbon St, Leeds, LS1 4LX or from Capita Registrars by telephoning 0870 162 3121 or if you are calling from overseas +44 208 639 2157.

##### *(i) To accept the Offer*

To accept the Offer in respect of all your Protec Shares, you must complete Boxes 1 and 3 and, where appropriate, Boxes 5 and 6 and, if your Protec Shares are in CREST, Box 4 on the Form of Acceptance. In all cases you must sign Box 2 on the Form of Acceptance in the presence of a witness, who should also sign in accordance with the instructions printed thereon.

##### *(ii) To accept the Offer in respect of less than all your Protec Shares*

To accept the Offer in respect of less than all your Protec Shares, you must insert in Box 1 on the Form of Acceptance such lesser number of Protec Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon. You should then follow the procedure set out in (i) above in respect of such lesser number of Protec Shares. If you do not insert a number in Box 1, a valid acceptance will be deemed to be made in respect of all the Protec Shares held by you.

If you have any questions as to how to complete the Form of Acceptance, please telephone Capita Registrars on 0870 162 3121 or if you are calling from overseas +44 208 639 2157.

*(b) Return of Form of Acceptance*

To accept the Offer, the completed Form of Acceptance should be returned (whether or not your Protec Shares are in CREST) signed and witnessed by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH, together (subject to paragraphs (c) and (d) below) with the relevant share certificate(s) and/or other document(s) of title as soon as possible, but in any event so as to arrive no later than 1.00 p.m. on 21 October 2005. A reply-paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given by or on behalf of Quadnetics. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer.

Any Form of Acceptance received in an envelope postmarked in the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or otherwise appearing to Quadnetics or its agents to have been sent from the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan may be rejected as an invalid acceptance of the Offer. For further information on overseas shareholders, see sub-paragraph (g) below.

*(c) Documents of title*

If your Protec Shares are in certificated form, a completed, signed and witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are lost or not readily available, you should nevertheless complete, sign and return the Form of Acceptance, as stated above, so as to be received by Capita Registrars by no later than 1.00 p.m. on 21 October 2005. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available and a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. No acknowledgement of receipt of documents will be given. If you have lost your share certificate(s) and/or other document(s) of title, you should contact Protec's registrars, Computershare Services PLC, for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH.

*(d) Additional procedures for Protec Shares in uncertificated form (that is, in CREST)*

If your Protec Shares are in uncertificated form, you should insert in Box 4 of the Form of Acceptance the participant ID and member account ID under which such Protec Shares are held by you in CREST and otherwise complete and return the Form of Acceptance, as described above. In addition, you should take (or procure to be taken) the action set out below to transfer the Protec Shares in respect of which you wish to accept the Offer to an escrow balance (that is, a TTE instruction) specifying Capita IRG Plc (in its capacity as a CREST participant under its participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles no later than 1.00 p.m. on 21 October 2005.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Protec Shares are held. In addition, only your CREST sponsor will be able to send the required TTE instruction to CRESTCo in relation to your Protec Shares.

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to CRESTCo which must be properly authenticated in accordance with CRESTCo's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the number of Protec Shares to be transferred to an escrow balance;
- your member account ID. This must be the same member account ID as that inserted in Box 4 of the Form of Acceptance;
- your participant ID. This must be the same participant ID as that inserted in Box 4 of the Form of Acceptance;
- the member account ID of the escrow agent. This is PROTEC;
- the participant ID of the escrow agent, Capita IRG Plc, in its capacity as CREST receiving agent. This is RA10;

- the Form of Acceptance reference number. This is the reference number that appears beside Box 4 on the Form of Acceptance. This reference number should be inserted in the first eight characters of the shared note field on the TTE instruction. Such insertion will enable Capita Registrars to match the TTE to your Form of Acceptance. You should keep a separate record of this reference number for future reference;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 21 October 2005;
- the Corporate Action ISIN Number for the Offer. This is GB0004541248; and
- input with standard TTE instruction of priority 80.

After settlement of the TTE instruction, you will not be able to access the Protec Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the escrow agent will transfer the Protec Shares concerned to itself in accordance with paragraph (d) of Part C of Appendix I to this document.

You are recommended to refer to the CREST manual published by CRESTCo for further information on the CREST procedures outlined above. You are requested, to ensure that a Form of Acceptance relates to only one TTE instruction.

If no Form of Acceptance reference number, or an incorrect Form of Acceptance reference number, is included in the TTE instruction, Quadnetics may treat any amount of Protec Shares transferred to an escrow balance in favour of the escrow agent specified above from the participant ID and member account ID identified in the TTE instruction as relating to any Form(s) of Acceptance which relate(s) to the same member account ID and participant ID (up to the amount of Protec Shares inserted or deemed to be inserted on the Form(s) of Acceptance concerned).

You should note that CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Protec Shares to settle prior to 1.00 p.m. on 21 October 2005. In this regard, you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Quadnetics will make an appropriate announcement if any of the details contained in this paragraph (d) alter for any reason in any respect that is material to Protec Shareholders.

*(e) Deposits of Protec Shares into, and withdrawals of Protec Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Protec Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Protec Shares or otherwise). Holders of Protec Shares who are proposing so to convert any such Protec Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Protec Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 21 October 2005.

*(f) Validity of acceptance*

Without prejudice to Parts B and C of Appendix I, Quadnetics reserves the right (subject to the terms of the Offer and the City Code) to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant TTE instruction or (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no allotment of New Quadnetics Shares under the Offer will be made until after the relevant TTE instruction has settled or (as applicable) the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Quadnetics have been received.

*(g) Overseas shareholders*

The attention of Protec Shareholders who are citizens or residents of jurisdictions outside the United Kingdom is drawn to paragraph 5 of Part B and paragraph (b) of Part C of Appendix I and to the relevant provisions of the Form of Acceptance.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements.

The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan.

Accordingly, any accepting Protec Shareholder who is unable to give the warranties set out in paragraph (b) of Part C of Appendix I may be deemed not to have accepted the Offer.

All Protec Shareholders (including nominees, trustees or custodians) who would, or otherwise intend to, forward this document and/or the Form of Acceptance, should read the further details in this regard which are contained in paragraph 5 of Part B and in paragraph (b) of Part C of Appendix I before taking any action.

If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars by telephone on 0870 162 3121 or if you are calling from overseas +44 208 639 2157. You are reminded that, if you are a CREST sponsored member in respect of your Protec Shares, you should contact your CREST sponsor before taking any action.

## **15. United Kingdom taxation**

The Quadnetics Board has been advised as follows, on the basis of United Kingdom law presently in force and current published H M Revenue & Customs practice. The following paragraphs summarise certain limited aspects of the UK taxation consequences of acceptance of the Offer and they relate only to the position of certain classes of taxpayer and only those Protec Shareholders who hold their Protec Shares beneficially as an investment, otherwise than under a personal equity plan or an individual savings account, and who are resident or ordinarily resident in the UK for taxation purposes. If you are in any doubt as to your taxation position or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser immediately.

### *(a) UK taxation of chargeable gains*

Liability to UK taxation of chargeable gains will depend on the individual circumstances of the Protec Shareholders.

Quadnetics has sought and obtained clearance from H M Revenue & Customs under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Offer. This means that a Protec Shareholder should not be treated as having made a disposal of his or her Protec Shares for the purposes of UK taxation of chargeable gains to the extent that he or she receives New Quadnetics Shares in exchange for his or her Protec Shares under the Offer. Any gain or loss which would otherwise have arisen on a disposal of his or her Protec Shares will be “rolled-over” into the New Quadnetics Shares, and the new Quadnetics Shares will be treated as the same asset as his or her Protec Shares acquired at the same time and for the same consideration as he or she acquired their Protec Shares.

A Protec Shareholder which is a company and which would on a disposal of its Protec Shares qualify for an exemption from corporation tax on chargeable gains under Schedule 7AC TCGA 1992 (exemption for disposals by companies with substantial shareholdings) shall not be treated as set out in the two preceding paragraphs. Instead, such a shareholder shall be treated as disposing of its Protec Shares as a result of the Offer becoming or being declared unconditional but any gain or loss arising on the disposal will not be a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains and the shareholder shall be treated as acquiring its New Quadnetics Shares for an amount equal to the market value of the Protec Shares given up.

A disposal of New Quadnetics Shares by a shareholder who is resident or ordinarily resident in the UK for taxation purposes may, depending on the shareholder’s circumstances, and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

### *(b) Taxation of dividends*

Quadnetics is not required to withhold tax at source from dividends paid in respect of its shares.

Individuals resident in the UK for taxation purposes are generally liable to income tax on the aggregate amount of any dividend received and a tax credit equal to 10 per cent. of the gross dividend (or one-ninth of the dividend received). For example, on a dividend received of £90 the tax

credit would be £10, and an individual would be liable to income tax in respect of the gross dividend of £100. UK resident individuals who are liable to income tax at a rate less than the higher rate (currently 40 per cent.) will be charged to tax on the gross dividend at the rate of 10 per cent. Accordingly, the tax credit is treated as satisfying the shareholder's income tax liability in respect of the dividend and no further income tax should be payable in respect of the dividend. UK resident individuals who are liable to income tax at the higher rate will be charged to tax on the gross dividend at the rate applicable to dividends (currently 32.5 per cent.) but are entitled to offset the 10 per cent. tax credit against such liability. After taking into account the 10 per cent. tax credit such an individual will be liable to pay additional income tax at the rate of 22.5 per cent. of the gross dividend (which is equivalent to 25 per cent. of the dividend received). For example, on a dividend received of £90 such a taxpayer would have to pay additional tax of £22.50 (representing 32.5 per cent. of the gross dividend less the 10 per cent. credit). For this purpose, dividends are treated as the top slice of an individual's income such that they are liable to tax at the individual's highest marginal tax rate. No repayment of the tax credit in respect of dividends can be claimed by a UK resident Quadnetics Shareholder.

UK resident corporate new Quadnetics Shareholders (other than dealers in securities and certain insurance companies) are not liable to corporation tax or income tax in respect of dividends paid by Quadnetics.

Quadnetics Shareholders who are resident for tax purposes in countries other than the United Kingdom may also be subject to tax on dividend income under any law to which they are subject outside the UK. Such Quadnetics Shareholders should consult their own tax advisers concerning their tax liabilities.

*(c) Other direct tax matters*

Special tax provisions may apply to Protec Shareholders who have acquired or acquire their Protec Shares by exercising options or other rights, or on the vesting of rights, under the Protec Share Schemes including provisions imposing a charge to income tax when such an option is exercised or right vests.

*(d) Stamp duty and stamp duty reserve tax ("SDRT")*

No stamp duty or SDRT will be payable by Protec Shareholders as a result of accepting the Offer.

The above statements are intended as a general guide to the current law and published practice in the United Kingdom. The above statements assume that Protec Shareholders do not hold their Protec Shares and will not hold their Quadnetics Shares in a depository receipt scheme or a clearance services scheme. If you are in any doubt as to your tax position, you should consult your independent professional adviser immediately.

## **16. Overseas Shareholders**

As regards persons resident in, or citizens of, jurisdictions outside the United Kingdom, the Offer may be affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Overseas Shareholders should also read paragraph 5 of Part B of Appendix I to this document. This document has been prepared for the purposes of complying with English law, the City Code and the information disclosed may be different from that which would have been disclosed if this document had been prepared in accordance with the laws of the jurisdictions outside the United Kingdom.

## **17. Settlement**

Subject to the Offer becoming or being declared unconditional in all respects, settlement of the consideration to which any Protec Shareholder is entitled under the Offer (except as provided in paragraph 5 of Part B of Appendix I in the case of certain Overseas Shareholders) will be effected by the despatch of certificates or CREST accounts credited (as applicable):

- (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of such date; or

- (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while the Offer remains open for acceptance, within 14 days of such receipt, in the following manner:

*(a) Protec Shares in uncertificated form (that is, in CREST)*

Where an acceptance relates to Protec Shares in uncertificated form any New Quadnetics Shares to which the accepting Protec Shareholder is entitled in consequence of the Offer will be issued to such shareholder in uncertificated form. In such event Quadnetics will procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the accepting Protec Shareholder concerned with such shareholder's entitlement to New Quadnetics Shares. The stock account concerned will be an account under the same participant ID and member account ID as appear in the Form of Acceptance concerned.

Quadnetics reserves the right to settle all or any part of the consideration referred to in this paragraph (a), for all or any accepting Protec Shareholder(s), in the manner referred to in paragraph (b) below, if, for any reason, it wishes to do so.

*(b) Protec Shares in certificated form*

Where an acceptance relates to Protec Shares in certificated form, any New Quadnetics Shares to which the accepting Protec Shareholder is entitled in consequence of the Offer will be issued to such shareholder in certificated form. Definitive certificates for the New Quadnetics Shares will be despatched by first class post (or by such other method as the Panel may approve) to accepting Protec Shareholders or their appointed agents (but not in or into the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan).

Temporary documents of title will not be issued pending the despatch by post of new definitive share certificates.

*(c) General*

If the Offer does not become or is not declared unconditional in all respects; (i) share certificate(s) and/or other document(s) of title will be returned by post (or such other method as may be approved by the Panel) within 14 days of the Offer lapsing, to the person or agent whose name and address is set out in Box 3 (or Box 6 as applicable) of the Form of Acceptance or, if none is set out, to the first named holder at his or her registered address; and (ii) Capita Registrars will, immediately after the lapsing of the Offer (or within such longer period, not exceeding 14 days after the Offer lapsing, as the Panel may approve), give TFE instructions to CRESTCo to transfer all relevant Protec Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the Protec Shareholders concerned. All documents and remittances sent by, to or from Protec Shareholders or their appointed agents will be sent at their own risk.

All mandates, instructions and other instruments in force relating to holdings in Protec Shares will, unless and until amended or revoked, continue in force and be deemed to relate to payments and notices to or by Quadnetics in respect of New Quadnetics Shares issued. If a Protec Shareholder holds existing Quadnetics Shares, the mandates, instructions and instruments in force for Quadnetics Shares shall supersede the mandates, instructions and instruments of the Protec Shares.

## **18. Admission to trading on AIM and dealings in New Quadnetics Shares**

Application will be made to the London Stock Exchange for the New Quadnetics Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Quadnetics Shares on or around the third business day following the day on which the Offer becomes or is declared unconditional in all respects (save only for the Admission of such shares becoming effective).

## **19. Compulsory acquisition and de-listing**

Quadnetics intends, assuming it becomes so entitled, to use the procedures set out in sections 428 to 430F (inclusive) of the Act to acquire compulsorily any remaining Protec Shares following the Offer becoming or being declared unconditional in all respects.

When the Offer becomes, or is declared, unconditional in all respects, Quadnetics intends to procure the making of an application by Protec to the London Stock Exchange for the cancellation of the admission to trading of Protec Shares on AIM. It is anticipated that cancellation of trading will take



effect no earlier than 20 business days after the Offer becomes or is declared unconditional in all respects. **The cancellation of the listing of Protec Shares will significantly reduce the liquidity and marketability of any Protec Shares not assented to the Offer and their value may be affected in consequence.**

It is also proposed that, in due course, Quadnetics will seek to procure the re-registration of Protec as a private company under the relevant provisions of the Act.

#### **20. Further information**

The terms and conditions of the Offer are set out in full in Appendix I to this document. Further information regarding Quadnetics, Protec and the Enlarged Group is set out in Appendix I and II of this document and in the Equivalent Document. Details of the documents available for inspection are given in paragraph 8 of Appendix II of this document.

#### **21. Action to be taken**

To accept the Offer, the Form of Acceptance must be completed and returned in respect of your Protec Shares, whether or not your Protec Shares are in CREST. Forms of Acceptance should be returned by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH, as soon as possible and in any event so as to be received no later than 1.00 p.m. on 21 October 2005.

Yours faithfully  
For and on behalf of  
Brewin Dolphin Securities Limited

Neil Baldwin  
Director-Corporate Finance

## APPENDIX I

### Conditions and Further Terms of the Offer

#### Part A: Conditions of the Offer

The Offer is subject to the following conditions:

1. Valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 pm on the first closing date of the Offer (or such later time(s) and/or date(s) as Quadnetics may subject to the rules of the City Code, decide) in respect of not less than 75 per cent., (or such lesser percentage as Quadnetics may decide) in nominal value of the Protec Shares to which the Offer relates, provided that this condition will not be satisfied unless Quadnetics, together with any member of the Quadnetics Group, shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, Protec Shares carrying in aggregate more than 50 per cent., of the voting rights then normally exercisable at a general meeting of Protec, including for this purpose, to the extent (if any) required by the Panel, any such voting rights attaching to (or which would, if issued, attach to) Protec Shares which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding conversion or subscription rights or otherwise. For the purpose of this condition; (i), the expression “Protec Shares to which the Offer relates” shall be construed in accordance with sections 428 to 430F (inclusive) of the Companies Act; (ii) shares which have been unconditionally allotted but not issued shall be deemed to having the voting rights which they will carry upon their being entered into the register of members of Protec; and (iii) valid acceptances shall be treated as having been received in respect of any Protec Shares that Quadnetics and its subsidiaries shall pursuant to section 429 (8) of the Act, be treated as having acquired or contracted to acquire by virtue of acceptances of the Offer.
2. The London Stock Exchange announcing its decision to admit to trading on AIM the New Quadnetics Shares (subject only to the allotment of such shares) and such admission becoming effective in accordance with the AIM Rules.
3. The passing at the EGM (or any adjournment thereof) of any resolution or resolutions which are necessary to increase the authorised share capital of Quadnetics and to grant the directors of Quadnetics authority to allot the New Quadnetics Shares in order to implement the Offer.
4. Without limitation to condition 5 below, Quadnetics not having discovered or otherwise become aware prior to the date when the Offer would otherwise have become or been declared unconditional that the Office of Fair Trading intends, or is reasonably likely, to refer the proposed acquisition of Protec by Quadnetics, or any matters arising therefrom, to the Competition Commission pursuant to the Enterprise Act 2002.
5. No government or governmental, quasi-governmental, supranational, statutory or regulatory body, court, trade agency, association, authority (including any national anti-trust or merger control authority), institution or professional or environmental body or other person or body in any jurisdiction (each a “Relevant Authority”) having, prior to the date when the Offer would otherwise have become or been declared unconditional in all respects, decided to take, instituted, implemented or threatened any action, suit, proceeding, investigation or enquiry, or enacted, made or proposed any statute or regulation or order, or taken any other step which would or might reasonably be expected to:
  - (i) make the Offer or its implementation or the acquisition or proposed acquisition of any or all of the Protec Shares or of control or management of Protec or any member of the Protec Group by Quadnetics, void, illegal or unenforceable under the laws of any jurisdiction or, directly or indirectly, materially restrain, prevent, prohibit, restrict, delay or otherwise materially interfere in the implementation of or impose additional material conditions or obligations with respect to the Offer or the acquisition or proposed acquisition of Protec or the wider Protec Group by Quadnetics or its implementation or any acquisition of any Protec Shares by Quadnetics;
  - (ii) result, directly or indirectly, in a material delay or limitation in the ability of Quadnetics or any member of the wider Protec Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the wider Protec Group;

- (iii) require, prevent or materially delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the wider Quadnetics Group or by any member of the wider Protec Group of all or any part of their respective businesses, assets or properties or impose any limitation on the ability of any of them to conduct their respective businesses or to own or control any of their respective assets (including shares or other securities (or the equivalent) in Protec or any other member of the wider Protec Group) or properties or any part thereof in each case in a manner or to an extent which is material in the context of the wider Quadnetics Group taken as a whole and/or the wider Protec Group taken as a whole (as the case may be);
- (iv) save pursuant to the Offer or Part XIII A of the Act require any member of the wider Protec Group or the wider Quadnetics Group to acquire or to offer to acquire any shares or other securities (or the equivalent) owned by any third party in any member of the Protec Group (other than Protec) or to sell or offer to sell any shares or other securities (or the equivalent);
- (v) materially limit the ability of the wider Quadnetics Group or of any member of the wider Quadnetics Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of the wider Protec Group or of any member of the wider Protec Group in a manner which is material in the context of the wider Quadnetics Group or the wider Protec Group (as the case may be) taken as a whole;
- (vi) result in any member of the wider Quadnetics Group or any member of the wider Protec Group ceasing to be able to carry on business under any name which it presently does so which is material in the context of the wider Quadnetics Group or the wider Protec Group (as the case may be) taken as a whole;
- (vii) otherwise materially and adversely affect the business, assets, profits, financial or trading position or prospects of any member of the wider Protec Group or any member of the wider Quadnetics Group; or
- (viii) impose any limitation on or result in a material delay in the ability of any member of the wider Quadnetics Group to acquire or hold or exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or the equivalent in any member of the wider Protec Group or to exercise management control over any such member,

and all applicable waiting and other time periods during which any Relevant Authority could decide to take, institute, implement or threaten any such action, suit, proceedings, investigation or enquiry having expired or been terminated;

6. All authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, certificates, permissions and approvals (“Authorisations”) necessary for or in respect of the Offer or the acquisition or proposed acquisition of any shares or other securities in or control of Protec or any other member of the wider Protec Group by Quadnetics or the carrying on by any member of the wider Protec Group of its business having been obtained in terms and in a form reasonably satisfactory to Quadnetics from all Relevant Authorities and/or (where relevant and without prejudice to the foregoing) from any person or bodies with whom any members of the wider Protec Group has entered into contractual arrangements and such Authorisations together with all material Authorisations necessary to carry on the business of each member of the wider Protec Group remaining in full force and effect and there being no intimation of any intention to revoke or not renew any of them (in each case where the absence of such Authorisations might have a material adverse effect on the wider Protec Group taken as a whole) and in relation thereto all necessary statutory or regulatory obligations in connection with the Offer in any jurisdiction having been complied with;
7. All notifications, applications and filings which are necessary having been made, all appropriate waiting and other time periods (including extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all necessary statutory or regulatory obligations in any jurisdiction having been complied with in each case in connection with the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Protec or

any member of the wider Protec Group by any member of the wider Quadnetics Group where, in each case, the absence of such compliance might have a material and adverse affect on the business of any member of the wider Quadnetics Group or the wider Protec Group;

8. Save as disclosed in the Interim Report of Protec for the six months ended 31 December 2004, or as otherwise publicly announced by Protec (by the delivery of an announcement to a Regulatory Information Service) prior to the date of this announcement or as otherwise fairly disclosed in writing to Quadnetics or its advisers prior to date hereof (“Disclosed”):
- (i) no member of the wider Protec Group having declared, paid or made or proposed the declaration, paying or making of any dividend, bonus or other distribution (whether payable in cash or otherwise) in respect of any of its share capital other than distributions by any wholly-owned subsidiaries of Protec;
  - (ii) no member of the wider Protec Group having (save as between Protec and wholly-owned subsidiaries of Protec or between wholly-owned subsidiaries of Protec (“intra-Protec Group transactions”) or upon any exercise of options granted before the time of this announcement under the Protec Share Option Schemes) issued, or authorised or proposed the issue or grant of, additional shares of any-class or securities convertible into or rights, warrants or options to subscribe for or acquire any such shares or convertible securities or redeemed, repaid or reduced any part of its share capital;
  - (iii) no member of the wider Protec Group having issued, or proposed the issue of, or make any change in or to, any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or liability (actual or contingent) of an aggregate amount which is material in the context of the Protec Group taken as a whole;
  - (iv) there having been no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the wider Protec Group which in any such case is material in the context of the wider Protec Group taken as a whole;
  - (v) save for intra Protec Group transactions, no member of the wider Protec Group having merged with any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged or charged or created any security interest over (in either case otherwise than in the ordinary course of trading) any assets or any right, title or interest in any assets (including shares in subsidiaries, associates and trade investments) or made any change in its share or loan capital, or authorised or proposed or announced any intention to propose any of the foregoing which in any case is material in the context of the wider Protec Group taken as a whole;
  - (vi) no litigation or arbitration proceedings, prosecution or other legal proceedings having been instituted or threatened or remaining outstanding against or in respect of any member of the wider Protec Group in each case to an extent which is material in the context of the wider Protec Group taken as a whole;
  - (vii) no member of the wider Protec Group having entered into, varied or authorised any material contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise material) which is not in the ordinary course of business or is of a long-term, onerous or unusual nature or which involves or could involve an obligation or restriction of a nature or magnitude which is material in the context of the wider Protec Group taken as a whole;
  - (viii) (save in the ordinary course of business) no member of the wider Protec Group having mortgaged, charged, encumbered or created any other security interest over the whole or any material part of the business, property or assets of any such member which in any case is material in the context of the wider Protec Group taken as a whole;
  - (ix) no member of the wider Protec Group having entered into or made any offer (which remains open for acceptance) to enter into or announced its intention to enter into or varied the terms of any contract, agreement or arrangement with any of the directors of Protec or permitted a variation in the terms or rules governing the Protec Share Option Schemes;
  - (x) no member of the wider Protec Group having taken any corporate action for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver or similar officer or had any such person appointed or been unable

- or admitted in writing that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or substantial part of any of its business;
- (xi) no member of the wider Protec Group having made any alteration to its memorandum or articles of association and which is material in the context of the Offer;
  - (xii) no member of the wider Protec Group having waived or compromised any claim which is material in the context of the wider Protec Group taken as a whole;
  - (xiii) no member of the wider Protec Group having implemented, authorised, proposed or announced its intention to implement any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement other than in the ordinary course of business and which is material in the context of the Offer;
  - (xiv) no member of the wider Protec Group having made or agreed or consented to any significant change to the terms of the trust deeds constituting the previous schemes established for its directors and/or employees and/or their dependents or to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation and which in any such case is material in the context of the wider Protec Group taken as a whole;
  - (xv) no contingent or other liability having arisen or become apparent to Quadnetics, which might reasonably be expected to have a material adverse effect on the wider Protec Group taken as a whole;
  - (xvi) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any material licence or permit held by any member of the wider Protec Group which is necessary for the proper carrying on of the business of the wider Protec Group taken as a whole;
  - (xvii) no member of the wider Protec Group having proposed or entered into any agreement, arrangement or commitment with respect to any of the transactions or events referred to in this paragraph 6; and
  - (xviii) no member of the wider Protec Group having passed any resolution in general meeting to sanction, approve, or implement any such issue, merger, demerger, acquisition, disposal, change, transaction, contract or commitment as is referred to in this paragraph 8.
9. Save as Disclosed (as defined in condition 8 above) there being no provision of any arrangement, agreement, lease, licence, permit or other instrument to which any member of the wider Protec Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject and which, in consequence of the making of the Offer or the acquisition or proposed acquisition by Quadnetics or any member of the wider Quadnetics Group of Protec Shares or change in control or management of any member of the wider Protec Group could, result in (to an extent which is material in the context of the wider Protec Group taken as a whole):
- (i) any monies borrowed by or other indebtedness or liabilities (actual or contingent) of, or grant available to any member of the wider Protec Group becoming repayable or capable of being declared repayable immediately or prior to their or its stated maturity or repayment date in such agreement, arrangement, lease, licence, permit or instrument or the ability of any such member to borrow monies or to incur any indebtedness being withdrawn or inhibited or being withdrawn or materially inhibited;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest having occurred or arisen over the whole or any part of the business, property, assets or interests of any member of the wider Protec Group or any such mortgage, charge or other security (whenever arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, lease, licence, permit or other instrument, or the rights, liabilities, obligations or interests of any member of the wider Protec Group thereunder, being, terminated or adversely modified or affected or any adverse action being taken or any onerous obligation or liability thereunder;

- (iv) any assets, property or interests of the wider Protec Group being or falling to be disposed of or charged or ceasing to be available to any member of the wider Protec Group or any right arising under which any such asset or interest could be required to be disposed of or charged, or could cease to be available to any member of the wider Protec Group otherwise than in the ordinary course of business;
  - (v) the rights, liabilities, obligations, mortgage, charge or other interests of any member of the wider Protec Group under any such arrangement, agreement, lease, licence, permit or other instrument in or with any person, firm or body, or the business of any member of the wider Protec Group with any person firm or body (or any arrangements relating to such interest a business), being terminated, or adversely modified or affected;
  - (vi) the creation of any liability, actual or contingent, by any member of the wider Protec Group otherwise than in the ordinary course of business; or
  - (vii) any change in or effect on the ownerships or use of any intellectual property rights owned or used by members of the wider Protec Group; and
  - (viii) no event having occurred which, under any provision of any agreement, arrangement, lease, licence, permit or other instrument to which any member of the wider Protec Group is party or by or to which any such member or any of its assets may be bound, entitled or subject, is reasonably likely to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (vii) of this paragraph 9.
10. Quadnetics not having discovered:
- (i) that any financial or business or other information concerning the wider Protec Group which has been disclosed at any time by or on behalf of any member of the Protec Group whether publicly, to any member of the Quadnetics Group or otherwise is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading;
  - (ii) that any member of the wider Protec Group is subject to any liability, contingent or otherwise, which is not disclosed in the Annual Report and Accounts of Protec for the financial year ended 30 June 2004 and which is material in the context of the Protec Group taken as whole;
  - (iii) that any information exists which materially affects (in the context of the wider Protec Group taken as a whole) the import of any information disclosed at any time by or on behalf of any member of the wider Protec Group; or
  - (iv) that circumstances exist which are likely to result in any actual or contingent material liability of any member of the wider Protec Group under any applicable legislation to impose, or modify existing or install new plant, machinery or equipment or to carry out any changes in the processes currently carried out.
11. Quadnetics not having discovered that save as Disclosed (as defined in condition 8 above):
- (i) any past or present member of the wider Protec Group has not complied with any applicable legislation or regulations of any relevant jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, animal or creature, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any liability (whether actual or contingent, civil or criminal) or cost on the part of any member of the wider Protec Group which in any case is material in the context of the wider Protec Group taken as a whole;
  - (ii) there is, or is likely to be, any liability, whether actual or contingent, to make good, alter, improve, repair, reinstate, clean up or otherwise assume responsibility for any property now or previously owned, occupied, made use of or in respect of which a guarantee or other similar obligation has been assumed by any past or present member of the wider Protec Group or any other property or clean up any controlled waters or other pollution caused by its occupation or control of any such property under any environmental

legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise which in any such case is material in the context of the wider Protec Group taken as a whole; or

- (iii) circumstances exist whereby a person or class of persons would be likely to have a claim in respect of any product or service or process of manufacture or materials used therein now or previously manufactured, sold or carried out or provided by any past or present member of the wider Protec Group which is or would be material in the context of the wider Protec Group taken as a whole.

For the purpose of the conditions set out in this Appendix I, “parent undertaking”, “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Act Subject to the requirements of the Panel, Quadnetics reserves the right (but shall be under no obligation) to waive, in whole or in part, all or any of the above conditions apart from conditions 1 – 3.

“The wider Protec Group” means Protec and its subsidiary undertakings, associated undertakings and any other undertakings in which Protec and such undertakings (aggregating their interests) have a substantial interest and “the wider Quadnetics Group” means Quadnetics and its subsidiary undertakings, associated undertakings and any other undertaking in which Quadnetics and such undertakings (aggregating their interests) have a substantial interest and, for these purposes “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A to the Act) and “substantial interest” means a direct or indirect interest in 20 per cent. or more of the equity share capital of an undertaking.

Conditions 4 to 11 (inclusive) must be fulfilled or waived or, where appropriate, have been determined by Quadnetics to be or to remain satisfied by midnight on the 21st day after the later of the first closing date of the Offer and the date on which condition 1 is fulfilled (or in each such case such later date as the Panel may agree). Quadnetics shall be under no obligation to waive or treat as satisfied any of the conditions 4 to 11 (inclusive) by a date earlier than the latest date specified above for the satisfaction thereof, notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfillment. If Quadnetics is required by the Panel to make an offer for Protec Shares under the provisions of Rule 9 of the City Code, Quadnetics may make such alterations to any of the above conditions as are necessary to comply with the provisions of that Rule. The Offer will lapse if the proposed acquisition of the Protec Shares by Quadnetics is referred to the Competition Commission before 1.00 p.m. on the first closing date of the Offer or before 1.00 p.m. on the date on which the Offer becomes or is declared unconditional as to acceptances, whichever is the later. If the Offer lapses, the Offer will cease to be capable of further acceptance and persons accepting the Offer and Quadnetics shall thereupon cease to be bound by acceptances delivered on or before the date on which the Offer so lapses.

## **Part B: Further terms of the Offer**

The following terms apply to the Offer, unless the contrary is expressed or the context otherwise requires. Except where the context otherwise requires, any reference in Parts B and C of this Appendix I and in the Form of Acceptance to:

- (a) the “Offer” includes any revision, renewal, variation or extension of the Offer;
- (b) the “Offer becoming unconditional” means the acceptance condition being or becoming or being declared or satisfied whether or not any other condition of the Offer remains to be fulfilled and references to the Offer having become or not becoming unconditional shall be construed accordingly;
- (c) the “acceptance condition” means the condition as to acceptances of the Offer set out in paragraph 1 of Part A of this Appendix I;
- (d) the “Offer Document” is to this document and any other document containing details of the Offer; and
- (e) “acceptances of the Offer” shall include deemed acceptances of the Offer.

The following further terms apply, unless the context requires otherwise, to the Offer.

### **1. Acceptance Period**

- (a) The Offer is initially open for acceptance until 1.00 p.m. on 21 October 2005.
- (b) Although no revision is envisaged, if (subject to the consent of the Panel) the Offer is revised it will remain open for acceptance for a period of at least 14 calendar days (or such other period as may be permitted by the Panel) following the date on which written notice of the revision is despatched to Protec Shareholders. Except with the consent of the Panel, no revision of the Offer may be made after 15 November 2005 or if later, the date 14 calendar days before the last date on which the Offer is capable of becoming unconditional.
- (c) The Offer, whether revised or not, is not (except with the consent of the Panel) capable of becoming unconditional after midnight on 29 November 2005 (or any other time and/or date beyond which Quadnetics has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement), nor of being kept open for acceptance after that time and/or date unless it has previously become unconditional, provided that Quadnetics reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional to a later time(s) and/or date(s). Except with the consent of the Panel, Quadnetics may not for the purposes of determining whether the acceptance condition has been satisfied, take into account acceptances received and purchases of Protec Shares made after 1.00 p.m. on 29 November 2005 (or any other time(s) and/or date(s) beyond which Quadnetics has stated that the Offer will not be extended and has not, where permitted, withdrawn that statement) or, if the Offer is so extended, such later time(s) and/or date(s) as Quadnetics, with the permission of the Panel, may determine.
- (d) If the Offer becomes or is declared unconditional, it will remain open for acceptance for not less than 14 calendar days from the date on which the Offer would otherwise have expired. If the Offer becomes unconditional and it is stated by or on behalf of Quadnetics that the Offer will remain open until further notice, then Quadnetics will give not less than 14 calendar days’ notice in writing to Protec Shareholders before closing it.
- (e) If a competitive situation (as determined by the Panel) arises after Quadnetics has made a “no extension” statement and/or a “no increase” statement (as referred to in the City Code) in connection with the Offer, Quadnetics may, if it has specifically reserved the right to do so at the time such statement is made (or otherwise with the consent of the Panel), choose not to be bound by or withdraw such statement and extend or revise the Offer (as appropriate) provided it complies with the requirements of the City Code and in particular that:
  - (i) it announces the withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible and in any event within four business days of the firm announcement of the competing offer or other competitive situation;



- (ii) it notifies Protec Shareholders to that effect in writing at the earliest opportunity or in the case of Protec Shareholders who are outside the United Kingdom or whom Quadnetics knows to be a nominee, trustee or custodian holding Protec Shares (as appropriate) for such persons, by announcement in the United Kingdom at the earliest practicable opportunity; and
- (iii) any Protec Shareholder who accepted the Offer after the date of the “no extension” or “no increase” statement is given a right of withdrawal in accordance with paragraph 3(c) of this Part B.

Quadnetics may (if it has reserved the right to do so) choose not to be bound by a “no increase” or “no extension” statement if, having obtained the consent of the Panel, it posts an increased or improved Offer (either as to the value or form of the consideration otherwise) which is recommended for acceptance by the board of directors of Protec, or in other circumstances permitted by the Panel.

- (f) For the purposes of determining whether the acceptance condition has been satisfied, Quadnetics will not be bound (unless otherwise required by the Panel) to take into account any Protec Shares which have been issued or unconditionally allotted or which arise as the result of the exercise of subscription or conversion rights before that determination takes place unless written notice containing relevant details of the allotment, issue, subscription or conversion has been received from Protec or its agents before that time by Quadnetics or Capita Registrars on behalf of Quadnetics at the address specified in paragraph 3(b) of this Part B. Notification by telex or facsimile or other electronic transmissions or copies will not be sufficient.

## 2. Announcements

- (a) Without prejudice to paragraph 3(b) below, by 8.00 a.m. on the business day (the “**relevant day**”) following the day on which the Offer is due to expire, or becomes unconditional, or is revised or extended, as the case may be, (or such later time or date as the Panel may agree), Quadnetics will make an appropriate announcement to Protec Shareholders to that effect in writing and will simultaneously inform a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel) the total number of Protec Shares and rights over Protec Shares (as nearly as practicable):
  - (i) for which acceptances of the Offer have been received (showing the extent to which such acceptances have been received from any person acting or deemed to be acting in concert with Quadnetics and/or from any person who had given an irrevocable undertaking or letter of intent to accept the Offer);
  - (ii) acquired or agreed to be acquired by or on behalf of Quadnetics or any person acting or deemed to be acting in concert with Quadnetics during the Offer Period; and
  - (iii) held by or on behalf of Quadnetics or any person deemed to be acting in concert with Quadnetics prior to the Offer Period,
 and will specify the percentage of Protec’s share capital represented by each of these figures.
- (b) Any decision to extend the time and/or date by which the acceptance condition has to be satisfied will be announced to Protec Shareholders by 8.00 a.m. on the relevant day (or such later time and/or date as the Panel may agree). The announcement will also state the next expiry time and date unless the Offer is then unconditional, in which case it may instead state that the Offer will remain open for acceptance until further notice. In computing the number of Protec Shares represented by acceptances and purchases, there may be included or excluded for notification purposes, subject to paragraph 6(e) below, acceptances and purchases not in all respects in order or subject to verification.
- (c) In this Appendix I, reference to the making of an announcement or the giving of notice by or on behalf of Quadnetics include the release of an announcement by public relations consultants or by Brewin Dolphin on behalf of Quadnetics to the press and the delivery by hand or telephone, telex or facsimile transmission or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service will be notified simultaneously to a Regulatory Information Service (unless the Panel otherwise agrees).

- (d) Without limiting the manner in which Quadnetics may choose to make any public statement and subject to Quadnetics's obligations under applicable law and the City Code, Quadnetics will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

### 3. Rights of withdrawal

- (a) Except as provided by this paragraph 3, acceptances of and elections made under the Offer will be irrevocable.
- (b) If Quadnetics, having notified Protec Shareholders that the Offer is unconditional, fails by 3.30 p.m. on the relevant day as defined in 2(a) of this Part B to comply with any of the other relevant requirements specified in paragraph 2(a) of this Part B, an accepting Protec Shareholder may (unless the Panel otherwise agrees) withdraw his acceptance by written notice signed by such person given by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH. Subject to paragraph 1(c) of this Part B, this right of withdrawal may be terminated not less than eight calendar days after the relevant day by Quadnetics confirming if that be the case, that the Offer is still unconditional and complying with the other relevant requirements specified in paragraph 2(a) of this Part B. If any such confirmation is given, the first period of 14 calendar days referred to in paragraph 1(d) of this Part B will run from the date of that confirmation.
- (c) If by 1.00 p.m. on 11 November 2005 (or such later time and/or date as the Panel may agree) the Offer has not become unconditional, an accepting Protec Shareholder may withdraw his acceptance at any time thereafter in the manner referred to in paragraph 3(b) above, before the earlier of:
- (i) the time that the Offer becomes unconditional; and
  - (ii) the final time for lodgement of acceptances which can be taken into account in accordance with paragraph 1(c) of this Part B.
- (d) If a "no extension" and or "no increase" statement is withdrawn in accordance with paragraph 1(e) of this Part B, any acceptance made by a Protec Shareholder after the date of that statement may be withdrawn thereafter in the manner referred to in paragraph 3(b) above for a period of eight calendar days following the date on which the notice of the withdrawal of such statement is posted to the relevant Protec Shareholder.
- (e) In this paragraph 3, "written notice" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Protec Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment satisfactory to Quadnetics is produced with the notice). Telex, e-mail, facsimile or other electronic transmissions or copies will not be sufficient to constitute written notice. No notice which is post-marked in, or otherwise appears to Quadnetics or its agents to have been sent from the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction will be treated as valid.
- (f) All questions of validity (including time of receipt) of any notice of withdrawal will be determined by Quadnetics whose determination (save as the Panel otherwise determines) will be final and binding. Neither Quadnetics, nor Brewin Dolphin, nor Capita Registrars will be under any duty to give notification of any defects in any notice of withdrawal or will incur any liability for failure to do so.

### 4. Revised Offer

- (a) Although no such revision is envisaged, if (subject to the consent of the Panel) the Offer is revised (either in its terms or conditions or in the value or form of the consideration offered or otherwise) (which Quadnetics reserves the right to do), the benefit of the revised Offer will be made available to any Protec Shareholder who has validly accepted the Offer in its original or any previously revised form(s) and who has not validly withdrawn such acceptance (a "**Previous Acceptor**") provided any such revised Offer represents on the date on which the revision is announced (on such basis as Brewin Dolphin may consider appropriate) an improvement (or no diminution) in the value of the consideration of the Offer as so revised compared with the value of the consideration or terms previously offered, or in the overall value received by a Protec

Shareholder. The acceptance by or on behalf of a Previous Acceptor of the Offer in its original or any previously revised form(s) shall, subject to paragraphs 4(c), 4(d) and 5 of this Part B, be deemed to be an acceptance of the Offer as so revised and will also constitute an authority to Quadnetics, Brewin Dolphin or any of their respective directors, authorised representatives and agents as his attorney and/or agent with authority:

- (i) to accept any such revised Offer on behalf of such Previous Acceptor;
- (ii) if such revised Offer includes alternative forms of consideration, to make on his behalf elections for and/or accept such alternative forms of consideration on his behalf in such proportions as such attorney in his absolute discretion thinks fit; and
- (iii) to execute on behalf of and in the name of such Previous Acceptor all such further documents as may be required to give effect to such acceptances and/or elections.

In making any such acceptance or election, the attorney and/or agent will take into account the nature of any previous acceptances and/or elections made by the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.

- (b) Quadnetics and Brewin Dolphin reserve the right (subject to paragraph 3(a) of this Part B) to treat an executed Form of Acceptance relating to an Offer which is received on or after the notification of any revised Offer as a valid acceptance of the revised Offer (and where applicable, a valid election for the alternative form(s) of consideration). Such acceptance will constitute an authority in the terms of paragraph 4(a) above on behalf of the relevant Protec Shareholder.
- (c) The deemed acceptances and or election referred to in paragraph 4(a) of this Part B shall not apply and the authorities conferred by that paragraph shall not be exercised if, as a result, the Previous Acceptor would (on such basis as Brewin Dolphin may consider appropriate) thereby receive less in aggregate consideration under the revised Offer than he would have received in aggregate consideration as a result of acceptance of the Offer in the form in which it was originally accepted by him or on his behalf unless the Previous Acceptor has previously otherwise agreed in writing.
- (d) The deemed acceptances and/or elections referred to in paragraph 4(a) of this Part B will not apply and the authorities conferred by this paragraph will be ineffective in the case of a Previous Acceptor who lodges within 14 calendar days of the posting of the document pursuant to which the revision of the Offer is made available to Protec Shareholders, a Form of Acceptance or some other form issued by or on behalf of Quadnetics in which the Protec Shareholder validly elects to receive the consideration in some other manner than that set out in his original acceptance.

## **5. Overseas shareholders**

- (a) The making of the Offer in, or to certain persons who are resident in, or citizens or nationals of, jurisdictions outside the UK (“**overseas shareholders**”) or to custodians, nominees of or trustees for such persons, may be affected by the laws of the relevant jurisdictions. Protec Shareholders who are residents, citizens or nationals of jurisdictions outside the UK should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities. Any such overseas shareholder will be responsible for the payment of any issue, transfer or other taxes due in that jurisdiction of whomsoever payable and Quadnetics and Brewin Dolphin and any person acting on their behalf shall be fully indemnified and held harmless by such overseas shareholder for any such issue, transfer or other taxes as such person may be required to pay. **If you are an overseas shareholder and you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction.**
- (b) The Offer is not being made and will not be made, directly or indirectly, in or into the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of any of these jurisdictions (such means or instrumentalities include, but are not limited to, facsimile transmission, e-mail, telex, telephone and the internet). Copies of this document, the Form of Acceptance and any related offer

document(s) are not being, and must not be mailed, transmitted or otherwise distributed or sent in or into the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction including to Protec Shareholders with registered addresses in these jurisdictions or to persons whom the Offerer knows to be nominees, custodians or trustees holding Protec Shares for such persons. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute, send or mail them in, into or from the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction, and doing so may render invalid any related purported acceptance of the Offer. Envelopes containing the Form of Acceptance or other documents relating to the Offer must not be postmarked in the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction or otherwise despatched from these jurisdictions and all acceptors must provide addresses outside the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or any jurisdiction which would not cause a violation of the relevant laws of each jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance and (in relation to Protec Shares in certificated form) any Protec share certificate(s) and/or other document(s) of title.

- (c) Subject as provided below, a Protec Shareholder will be deemed not to have accepted the Offer if:
- (i) he puts “NO” in Box 5 of the Form of Acceptance and thereby does not make the representations and warranties set out in paragraph 1(b) of Part C of this Appendix I; or
  - (ii) he completes Box 3 of the Form of Acceptance with an address in the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction and he does not insert in Box 6 of the relevant Form of Acceptance the name and address of a person or agent outside the United States, Canada, Australia, Japan or any jurisdiction which would not cause a violation of the relevant laws of each jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to the provisions of this paragraph 5 and applicable laws; or
  - (iii) he inserts in Box 3 of the Form of Acceptance the name and address and or a telephone number of a person or agent in the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction; or
  - (iv) the Form of Acceptance is received from him in an envelope postmarked in, or otherwise appears to Quadnetics or its agents to have been sent from the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or from any jurisdiction which would cause a violation of the relevant laws of each jurisdiction.

Quadnetics reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph 1(b) of Part C of this Appendix I could have been truthfully given by the relevant Protec Shareholder and, if such investigation is made and as a result Quadnetics determines that such representations and warranties could not have been so given, such acceptance shall not be valid.

- (d) If, in connection with making the Offer notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise forwards this document, the Form of Acceptance or any related offer document in, into or from the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction, or uses the mails or any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;

- (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 5.
- (e) The provisions of this paragraph 5 supersede any terms of the Offer inconsistent with them. The provisions of this paragraph 5 and/or any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards any specific Protec Shareholder(s) or on a general basis by Quadnetics in its absolute discretion.
- (f) The New Quadnetics Shares to be issued pursuant to the Offer have not been and will not be registered under the US Securities Act or under any of the relevant Securities Laws of any state of the US or of Canada, Australia, the Republic of Ireland, South Africa or Japan. Accordingly, New Quadnetics Shares may not be, directly or indirectly offered, sold or delivered in or into the US, Canada, Australia, the Republic of Ireland, South Africa, Japan, or to, or for the account of any person located in Canada, Australia, the Republic of Ireland, South Africa, Japan, or any US Person.
- (g) The provisions of this paragraph 5 and/or any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific Protec Shareholder(s) or on a general basis by Quadnetics in its absolute discretion. In particular, without limitation, Quadnetics reserves the right: (i) to permit the Offer to be accepted by, and or (in respect of Protec Shares held in certificated form) to issue or deliver any share certificate(s) and/or document(s) of title to an overseas shareholder, or (in respect of Protec Shares held in uncertificated form) the crediting of the appropriate stock account of an overseas shareholder (otherwise unable to accept the Offer in accordance with the above) in circumstances in which Quadnetics is satisfied that acceptance by such Protec Shareholder and/or (in respect of Protec Shares held in certificated form) the issue or delivery of any documents of title to, or (in respect of Protec Shares held in uncertificated form) the crediting of the appropriate stock account of, such Protec Shareholder will not constitute a breach of any securities or other relevant legislation or impose obligations on Quadnetics not contemplated by the Offer (and, in any such case, Quadnetics may impose reasonable additional requirements and restrictions on such acceptance and the share certificates and/or documents of title issued and/or crediting appropriate stock accounts); or (ii) to arrange for the sale or allotment of New Quadnetics Shares to which overseas shareholders may otherwise be entitled pursuant to the Offer or Part XIII A of the Act and to remit the cash proceeds of such sale or allotment, net of expenses (including, without limitation, any liability to stamp duty or stamp duty reserve tax), to such overseas shareholders instead. Quadnetics shall have no obligations whatsoever in relation to the timing of such sales or allotments or the price obtained and such sales or allotments may be made individually or together with other shares to which such provisions apply. In such circumstances, any signed Form of Acceptance received pursuant to the Offer shall constitute the irrevocable appointment of Quadnetics or any director of Quadnetics as the relevant Protec Shareholder's agent to effect such sale as his agent, with full power (including powers of delegation) to do all such things as may be necessary or desirable for or ancillary to such purpose. Subject thereto the provisions of this paragraph 5 supersede any terms of the Offer inconsistent herewith.

## **6. General**

- (a) Except with the consent of the Panel, the Offer will lapse unless all the conditions relating to the Offer have been fulfilled or (if capable of waiver) waived, or, where appropriate, have been determined by Quadnetics to be, and continue to be, satisfied by midnight on 29 November 2005 or by midnight on the date which is 21 days after the date on which the Offer become unconditional as to acceptances, whichever is the later, or such later date as Quadnetics, with the consent of the Panel, may decide.
- (b) If the Offer lapses, it will cease to be capable of further acceptance and accepting Protec Shareholders, Quadnetics and Brewin Dolphin will cease to be bound by the Form of Acceptance submitted before the time the Offer lapses.
- (c) The Offer is made on 30 September 2005 and is capable of acceptance from and after that date. The Offer is being made by means of this document and an advertisement proposed to be published in the London edition of The Independent and dated 1 October 2005. The first closing date of the Offer for the purposes of the City Code is 1.00 p.m. on 21 October 2005.

- (d) Except with the consent of the Panel, settlement of the consideration to which any Protec Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Quadnetics may otherwise be, or claim to be, entitled as against such Protec Shareholder and will be effected:
- (i) in the case of acceptances received, valid and complete in all respects (including the relevant share certificate(s) and or other documents of title or indemnities satisfactory to Quadnetics) by the date on which the Offer becomes or is declared unconditional in all respects, within 14 calendar days of such date; or
  - (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 14 calendar days of such receipt.

All cash payments (other than payments made by means of CREST) will be made by cheque drawn on a branch of a UK clearing bank. No consideration will be sent to an address in the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or to any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction.

- (e) Notwithstanding the right reserved by Quadnetics and Brewin Dolphin to treat a Form of Acceptance as valid (even though not entirely in order or not accompanied by the relevant share certificate(s) and or other document(s) of title) or not accompanied by the relevant TTE instruction, except as otherwise agreed with the Panel:
- (i) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied in respect of it;
  - (ii) a purchase of Protec Shares by Quadnetics or its nominee(s) (or if relevant, any person acting in concert with Quadnetics, or its nominee(s)) will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6, on Rule 10 of the City Code are satisfied in respect of it; and
  - (iii) the Offer will not become unconditional unless Capita Registrars has issued a certificate to Quadnetics or their respective agents stating the number of Protec Shares in respect of which acceptances have been received which comply with subparagraph (i) above and the number of Protec Shares otherwise acquired, whether before or during the Offer Period, which comply with subparagraph (ii) above. Brewin Dolphin will send a copy of such certificate to the Panel as soon as possible after it is issued.
- (f) The terms, provisions, instructions and authorities contained in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires. The provisions of this Appendix I shall be deemed to be incorporated into and form part of the Form of Acceptance.
- (g) All references in this document and in the Form of Acceptance to 21 October 2005 will (except in paragraph 1(a) of this Part B and where the context otherwise requires) be deemed, if the expiry date of the Offer is extended, to refer to the expiry date of the Offer as so extended.
- (h) References in paragraph 5 of this Part B and in Part C of this Appendix I to a Protec Shareholder will include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, such paragraphs will apply to them jointly and severally.
- (i) Any omission or failure to despatch this document, the Form of Acceptance or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer are made, or should be made, will not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person.
- (j) Quadnetics and Brewin Dolphin reserve the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as set out in this document or the Form of Acceptance.

- (k) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, share certificate(s) or other document(s) of title will be given by, or on behalf of, Quadnetics. All communications, notices, certificates, documents of title and remittances to be delivered by, or sent to or from, Protec Shareholders (or their designated agent(s)) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- (l) The Offer extends to persons to whom the Offer is made or should be made to whom this document, the Form of Acceptance or any related documents may not be despatched and such persons may collect copies of these documents from Capita Registrars at the address set out in paragraph 3(b) of this Part B.
- (m) Quadnetics and Brewin Dolphin reserve the right to notify any matter including the making of the Offer to all or any Protec Shareholders with a registered address outside the United Kingdom or whom Quadnetics knows to be a custodian, trustee or nominee holding Protec Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom, by announcement in the United Kingdom, or by paid advertisement in a daily newspaper published and circulated in the United Kingdom in which event such notice will be deemed to have been sufficiently given, notwithstanding any failure by any such Protec Shareholder(s) to receive or see such notice, and all references in this document to notice in writing by or on behalf of Quadnetics will be construed accordingly.
- (n) If the Offer becomes or is declared unconditional in all respects and sufficient acceptances are received in respect of 90 per cent, of the Protec Shares to which the Offer relates, Quadnetics intends to apply the provisions of sections 428 to 430F (inclusive) of the Act to acquire compulsorily any outstanding Protec Shares not acquired or agreed to be acquired pursuant to the Offer or otherwise. Furthermore, Quadnetics intends to procure that Protec applies to the London Stock Exchange for the cancellation of the admission to trading of Protec Shares on AIM. Such cancellation will take effect no earlier than 20 business days after the date on which either the Offer becomes unconditional in all respects.
- (o) If the Offer does not become unconditional in all respects:
  - (i) the Form of Acceptance share certificates and/or other documents of title will be returned by post (or such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address outside the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction is set out in the relevant Box in the Form of Acceptance or, if none is set out, to the first-named holder at his registered address outside the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction (no such documents will be sent to an address in the United States, Canada, Australia, the Republic of Ireland, South Africa, Japan or in any jurisdiction where to do so would cause a violation of the relevant laws of each jurisdiction); and
  - (ii) in respect of Protec Group Shares held in uncertificated form, Capita Registrars will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the lapsing of the Offer), give instructions to CRESTCo to transfer all Protec Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Protec Shareholders concerned.
- (p) All powers of attorney, appointments of agents and authorities conferred by this Appendix I or in the Form of Acceptance are given by way of security for the performance of the obligations of the Protec Shareholder concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 except in the circumstances where the donor of such power of attorney or authority or appointer is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B and duly does so.
- (q) Neither Quadnetics nor Brewin Dolphin nor any agent or director of Brewin Dolphin, nor any person acting on behalf of them, shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.

The Offer, this document, the Form of Acceptance and all acceptances thereof and all elections thereunder or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing should be governed by and construed in accordance with English Law. Execution by or on behalf of a Protec Shareholder of a Form of Acceptance will constitute his submission, in relation to all matters arising out of or in connection with the Offer, this document and the Form of Acceptance to the jurisdiction of the courts of England and his agreement that nothing shall limit the rights of Quadnetics or Brewin Dolphin to bring any action, suit or proceeding arising out of or in connection with the Offer, this document and the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction.

All mandate, instructions and other instruments in force relating to holdings of Protec Shares will, unless and until amended or revoked, continue in force and be deemed to relate to payments and notices to or by Quadnetics in respect of New Quadnetics Shares issued. If a Protec Shareholder holds existing Quadnetics Shares, the mandates, instructions and instruments in force for Quadnetics Shares shall supersede mandates, instructions and instruments of Protec Shares.



### Part C: Form of Acceptance

Each Protec Shareholder by whom, or on whose behalf, any Form of Acceptance is executed and lodged with Capita Registrars irrevocably undertakes, represents, warrants and agrees to and with Quadnetics, Brewin Dolphin and Capita Registrars (so as to bind him and his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Protec Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance;
  - (ii) an undertaking to execute any further documents, take any further action, give any further assurances or perfect any of the authorities expressed to be given which may be required in connection with the foregoing,

in each case on and subject to the terms and conditions set out in this document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, each such acceptance, election and undertaking shall be irrevocable. If Box 1 is left blank or a number greater than such Protec Shareholder's registered holding appears in Box 1 or the Form of Acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed, it will be deemed to be an acceptance by such Protec Shareholder of the basic terms of the Offer in respect of the total number of Protec Shares registered in his name;

- (b) that unless "NO" is inserted or deemed to be inserted in Box 5 of the Form of Acceptance, such Protec Shareholder:
  - (i) has not received or mailed, transmitted or otherwise forwarded, distributed or sent copies of this document, the Form of Acceptance or any related offer documents in whole or in part in, into or from the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction;
  - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, e-mail, telex, telephone and the internet or any other form of electronic communication) of interstate or foreign commerce, or any facilities of a national securities exchange, of the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction;
  - (iii) was outside the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction when the Form of Acceptance was sent and at the time of accepting the Offer and, in respect of the Protec Shares to which the Form of Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction; and
  - (iv) the Form of Acceptance and any related offer documents have not been mailed or otherwise sent in, into or from the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction and such shareholder is accepting the Offer from outside the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction;
- (c) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Protec Shareholder not having validly withdrawn his acceptance, the acceptance and the irrevocable appointment of Quadnetics and/or Brewin Dolphin as such Protec Shareholder's attorney and/or agent with an irrevocable instruction to the attorney to:

- (i) complete and execute all or any form(s) of transfer and/or renunciation and/or other document(s) in the attorney's discretion in relation to the Protec Shares comprised in the acceptance in favour of Quadnetics or as Quadnetics or its agents may direct;
  - (ii) deliver such form(s) of transfer and/or renunciation and/or other document(s) at the attorney's discretion together with any certificate(s) and/or other document(s) of title relating to such Protec Shares for registration within six months of the Offer becoming unconditional in all respects; and
  - (iii) do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance or deemed acceptance of the Offer and to vest in Quadnetics or its nominee the Protec Shares as aforesaid;
- (d) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes the irrevocable appointment of Capita Registrars as such Protec Shareholder's attorney and/or agent ("**attorney**") and an irrevocable instruction and authority to the attorney:
- (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Protec Shareholder not having validly withdrawn his acceptance, to transfer to Quadnetics (or to such other person or persons as Quadnetics or its agents may direct) by means of CREST all or any of the Relevant Protec Shares (as defined below) (but not exceeding the number of Protec Shares in respect of which the Offer is accepted or deemed to be accepted); and
  - (ii) if the Offer does not become unconditional in all respects, to give instructions to CRESTCo. immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days from the lapsing of the Offer), to transfer all Relevant Protec Shares to the original available balance of the accepting Protec Shareholder.

In this paragraph, "Relevant Protec Shares" means Protec Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in the letter from Brewin Dolphin contained in this document and where the transfer(s) to escrow was or were made in respect of Protec Shares held under the same member account ID and participant ID as the member account ID and participant ID relating to the Form of Acceptance concerned (but irrespective of whether or not any Form of Acceptance reference number, or a Form of Acceptance reference number corresponding to that appearing on the Form of Acceptance concerned, was included in the TTE instruction concerned);

- (e) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Protec Shareholder not having validly withdrawn his acceptance, a separate and irrevocable authority and request:
- (i) to Protec or its agents to procure the registration of the transfer of those Protec Shares pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to Quadnetics or as it may direct;
  - (ii) if the Protec Shares concerned are in certificated form, or if the proviso to sub-paragraph (iii) below applies, to Quadnetics or its agents, to procure the despatch by post (or such other method as may be approved by the Panel) of a cheque drawn on a branch of a UK clearing bank in respect of any cash consideration to which he is entitled under the Offer, and/or share certificates in respect of New Quadnetics Shares to which he is entitled, at the risk of such Protec Shareholder, to the person or agent whose name and address (outside the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction) is set out in Box 3 of the Form of Acceptance or if none is set out, to the first-named holder at his registered address (outside the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction); and
  - (iii) if the Protec Shares concerned are in uncertificated form, to Quadnetics and Brewin Dolphin or their respective agents to procure the making of a CREST payment obligation in favour of the Protec Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which he is entitled under

the Offer and to issue the New Quadnetics Shares to which such accepting Protec Shareholder is entitled in uncertificated form provided that (aa) Quadnetics may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque drawn on a branch of a UK clearing bank despatched by post and/or that all or any of such New Quadnetics Shares shall be issued in certificated form and (bb) if the Protec Shareholder concerned is a CREST member whose registered address is in the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan or in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction, any cash consideration to which such shareholder is entitled shall be paid by cheque drawn on a branch of a UK clearing bank despatched by post and/or that all or any of such New Quadnetics Shares shall be issued in certificated form provided that subparagraph (ii) above shall apply to the despatch of any consideration by post pursuant to this subparagraph (iii);

- (f) that the execution of the Form of Acceptance and its delivery constitutes a separate authority to Quadnetics and/or Brewin Dolphin and/or their respective agents within the terms of paragraphs 4 and 5 of Part B of this Appendix I;
- (g) subject to the Offer becoming unconditional in all respects (or in the case of voting by proxy, if the Offer will become unconditional in all respects or lapse depending upon the outcome of the resolution in question) or if the Panel otherwise gives its consent, and pending registration, that:
  - (i) Quadnetics or its agents be entitled to direct the exercise of any votes and any other rights and privileges (including the right to requisition the convening of a general meeting of Protec or of any class of its shareholders) attaching to any Protec Shares in respect of which the Offer has been accepted or is deemed to have been accepted, and such acceptance is not validly withdrawn;
  - (ii) the execution of a Form of Acceptance by a Protec Shareholder constitutes, in respect of the Protec Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (a) an authority to Protec and/or its agents from such Protec Shareholder to send any notice, warrant, document or other communication which may be required to be sent to him as a member of Protec to Quadnetics at its registered office;
    - (b) an authority to Quadnetics and or its agents to sign any consent to short notice on his behalf and/or attend and or execute a form of proxy in respect of such Protec Shares appointing any person nominated by Quadnetics to attend general meetings and separate class meetings of Protec or its members (or any of them) (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - (c) the agreement of such Protec Shareholder not to exercise any of such rights without the consent of Quadnetics and the irrevocable undertaking of such Protec Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting;
- (h) that he will deliver (or procure the delivery) to Capita Registrars at the address referred to in paragraph 3(b) of Part B of this Appendix I his share certificate(s) or other document(s) of title in respect of all Protec Shares held by him in certified form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to Quadnetics in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (i) that he will take (or procure to be taken) the action set out in paragraph 14 of the letter from Brewin Dolphin contained in this document to transfer all Protec Shares held by him in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn to an escrow balance as soon as possible and in any event so that the transfer to escrow settles within six months of the Offer becoming unconditional in all respects;
- (j) that if, for any reason, any Protec Shares in respect of which a transfer to an escrow balance has been effected in accordance with paragraph 14 of the letter from Brewin Dolphin contained in this document are converted to certificated form, he will (without prejudice to subparagraph 1(g) of this Part C) immediately deliver or procure the immediate delivery of the share

certificate(s) or other document(s) of title in respect of all such Protec Shares as so converted to Capita Registrars at the address referred to in paragraph 3(b) of Part B of this Appendix I or to Quadnetics at its registered office or as Quadnetics or its agents may direct;

- (k) that, if he accepts the Offer, he will do all such acts and things as shall, in the opinion of Quadnetics or Brewin Dolphin, be necessary or expedient to invest in Quadnetics or its nominee(s) or such other person as Quadnetics may decide the number of Protec Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance;
- (l) that the terms and conditions of the Offer contained in this document will be incorporated and deemed to be incorporated in, and form part of, the Form of Acceptance, which will be read and construed accordingly;
- (m) he will ratify each and every act or thing which may be done or effected by Quadnetics or Brewin Dolphin or Capita Registrars or their respective agents or Protec or its agents, as the case may be, in the exercise of any of his or its powers and/or authorities hereunder (and to indemnify each such person against any losses arising therefrom);
- (n) that, if any provision of Part C of this Appendix I will be unenforceable or invalid or will not operate so as to afford Quadnetics or Brewin Dolphin or Capita Registrars or their respective agents the benefit of the authority expressed to be given therein, he agrees with all practicable speed to do all such acts and things and execute all such documents that may be required to enable those persons to secure the full benefits of Part C of this Appendix I;
- (o) the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance to the jurisdiction of the Courts of England and that nothing shall limit the right of Quadnetics and/or Brewin Dolphin to bring any action, suit or proceedings arising out of or in connection with the Offer and the Form of Acceptance, in any other manner permitted by law or in any court of competent jurisdiction; and
- (p) on execution, the Form of Acceptance will take effect as a deed.

References in this Part C of Appendix I to a Protec Shareholder shall include references to the person or persons executing a Form of Acceptance, and in the event of more than one person executing a Form of Acceptance the provisions of this Part C shall apply to them jointly and to each of them.

## APPENDIX II

### Additional Information

#### 1. Responsibility

- (a) The Quadnetics Directors, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document other than that relating to the Protec Group, the Protec Directors, their immediate families, related trusts and connected persons. To the best of the knowledge 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.
- (b) The Proposed Directors whose names are set out in paragraph 2(b) below, accept responsibility for the information contained in this document. To the best of the knowledge of the Proposed 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.
- (c) The Protec Directors, whose names are set out in paragraph 2(c) below, accept responsibility for the recommendation of the Offer by the Protec Directors and their associated opinions and for the information contained in this document relating to the Protec Group, the Protec Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the Protec Directors (who have taken all reasonable care to ensure that such is the case), the information contained herein for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors, Proposed Directors and Protec Directors

##### (a) Directors

The Quadnetics Directors and their respective functions are as follows:

<i>Name</i>	<i>Function</i>
D J Coghlan	Chairman
R C Singleton	Chief Executive
N C Poultney	Finance Director
S W Coggins	Non-executive Director
P M Rae	Non-executive Director
G Robinson	Group Technical and Business Development Director
D Orme	Group Operations Director

The registered office of Quadnetics is North Court House, Morton Bagot, Studley, Warwickshire B80 7EL.

##### (b) Proposed Directors

The Proposed Directors and their respective functions are as follows:

<i>Name</i>	<i>Function</i>
D Bate	Non-executive Director
R W Westcott	Non-executive Director

##### (c) Protec Directors

The Protec Directors and their respective functions are as follows:

<i>Name</i>	<i>Function</i>
P H Parker	Non-executive Chairman
W J W Moir	Chief Executive
P K I Geraghty	Finance Director
J P Kirtland	Executive Director
R W Westcott	Non-executive Director
L J Turner	Non-executive Director
D Bate	Non-executive Director

The registered office of Protec is Axis 7, Rhodes Way, Radlett Road, Watford, Hertfordshire, WD24 4TP.

### 3. Interests and Dealings

#### (a) *Interests and dealings in Quadnetics Shares*

- (i) As at the close of business on 29 September 2005 (being the latest practicable date prior to the publication of this document) the interests (all of which are beneficial unless otherwise stated) of the Quadnetics Directors and their immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in the share capital of Quadnetics (as shown in the register required to be kept under section 325 of the Act or which have been notified to Quadnetics pursuant to sections 324 or 328 of the Act) were as follows:

#### *Ordinary Shares*

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Shareholding percentage (%)</i>
D Coghlan	1,930,875	15.46
P Rae	35,000	0.28
R Singleton	327,300	2.62
N Poultney	—	—
S Coggins	3,500	0.03
G Robinson	55,801	0.45
D Orme	—	—

In addition, the following Directors have an interest in Quadnetics Shares through participation in the Quadnetics Group Employee Share Scheme.

	<i>Earliest vesting date</i>	<i>Price</i>	<i>Number of Shares</i>
R Singleton	16/06/2008	241p	300,000
N Poultney	16/06/2008	241p	160,000
G Robinson	16/06/2008	241p	160,000
D Orme	22/06/2008	241p	160,000

Under the provisions of the Quadnetics Group Employee Share Scheme the Quadnetics Shares referred to above (“EBT Shares”) are held for the benefit of these Quadnetics Directors on terms similar to a share option scheme whereby the value of the appreciation in the Company’s share price above 241p accrues to the relevant Quadnetics Director provided that the Company meets certain performance thresholds linked to the FTSE AIM All Share Total Return Index.

- (ii) During the disclosure period, the dealings for value in Quadnetics Shares by Quadnetics Directors, their immediate families, related trusts and connected persons (including any exercise of options under the Quadnetics Share Option Schemes and allocation of EBT Shares) were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Quadnetics' Shares</i>	<i>Price (p)</i>
R Singleton	13/02/2004	Exercise of options	50,000	42.5
R Singleton	13/02/2004	Exercise of options	108,108	92.5
N Poultney	13/02/2004	Exercise of options	50,000	42.5
N Poultney	13/02/2004	Exercise of options	85,135	92.5
G Robinson*	13/02/2004	Exercise of options	108,108	92.5
R Singleton	19/02/2004	Sale	158,108	265
G Robinson*	19/02/2004	Sale	108,108	265
N Poultney	19/02/2004	Sale	135,135	265
P Rae	19/02/2004	Sale	427,191	265
G Robinson*	03/05/2005	Sale	85,999	245
R Singleton	03/05/2005	Sale	210,450	245
S Coggins	17/05/2005	Purchase	3,500	245
R Singleton	17/06/2005	Allocation of EBT Shares	300,000	241
N Poultney	17/06/2005	Allocation of EBT Shares	160,000	241
G Robinson	17/06/2005	Allocation of EBT Shares	160,000	241
D Orme	23/06/2005	Allocation of EBT Shares	160,000	241

\* at these times Mr Robinson was not a director of the Company

- (iii) During the disclosure period, the following dealings for value in Quadnetics Shares by Brewin Dolphin, Quadnetics' corporate broker, took place:

<i>Period</i>	<i>Aggregate number of Quadnetics Shares purchased</i>	<i>Highest price paid per Quadnetics Share purchased</i>	<i>Lowest price paid per Quadnetics Share purchased</i>
14 Jan 2004-13 April 2004	207,844	313p	265p
14 April 2004-13 July 2004	5,400	311p	311p
14 July 2004-13 Oct 2004	700	237.5p	237.5p
14 Oct 2004-13 Nov 2004	53,134	312p	300p
14 Nov 2004-13 Dec 2004	16,630	313.2p	305p
14 Dec 2004-13 Jan 2005	19,660	317.5p	292p
14 Jan 2005-29 Sep 2005	111,120	380p	238.5p

  

<i>Period</i>	<i>Aggregate number of Quadnetics Shares sold</i>	<i>Highest price paid per Quadnetics Share sold</i>	<i>Lowest price paid per Quadnetics Share sold</i>
14 Jan 2004-13 April 2004	6,500	298p	298p
14 April 2004-13 July 2004	25,250	253p	250p
14 July 2004-13 Oct 2004	14,500	288p	280p
14 Oct 2004-13 Nov 2004	—	—	—
14 Nov 2004-13 Dec 2004	—	—	—
14 Dec 2004-13 Jan 2005	5,060	298.2p	290p
14 Jan 2005-29 Sep 2005	10,160	345p	236.5p

- (iv) As at close of business on 29 September 2005 (being the latest practicable date prior to the publication of this document), the Protec Directors and their immediate families and connected persons (within the meaning of section 346 of the Act) had no interest in any Quadnetics Shares.
- (v) There have been no dealings for value in Quadnetics Shares by the Protec Directors and their immediate families and connected persons (within the meaning of section 346 of the Act) during the disclosure period.

(b) *Interests and dealings in Protec Shares*

- (i) As at the close of business on 29 September 2005 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial unless otherwise stated) of the directors of Protec and their respective immediate families and related trusts and any of their respective connected persons within the meaning of section 346 of the Act in Protec Shares (excluding share options) which have been notified to Protec pursuant to sections 324 and 328 of the Act or which are otherwise required pursuant to section 325 of the Act to be entered in Protec's register of directors' interests required to be kept under that section of the Act were as follows:

<i>Name</i>	<i>Number of Protec Shares</i>	<i>Percentage of existing issued share capital (%)</i>
P H Parker	845,994	0.5
P K I Geraghty	252,011 <sup>2</sup>	0.2
J P Kirtland	98,814 <sup>1</sup>	0.1
R W Westcott	28,800,000	17.9
W J W Moir	804,428 <sup>3</sup>	0.5
Mrs L J Turner	350,000	0.2
D Bate	—	—

1. Includes 98,814 Protec Shares held under the Protec AESOP.

2. Includes 215,336 Protec Shares held under the Protec AESOP.

3. Includes 215,336 Protec Shares held under the Protec AESOP.

- (ii) As at the close of business on 29 September 2005 (being the latest practicable date prior to the publication of this document), the interests of the directors of Protec in options for Protec Shares under the Protec Share Option Schemes were as follows:

<i>Name</i>	<i>Scheme</i>	<i>Number</i>	<i>Exercise period</i>	<i>Exercise price</i>
P H Parker	Non Exec	519,269	Before 8/1/09	4.4p
W J W Moir	Non Exec	3,200,000	12/3/01-11/3/08	1.0p
W J W Moir	Non Exec	1,000,000	23/5/04-22/5/11	7.0p
P K I Geraghty	EMI	150,000	23/5/04-22/5/11	7.0p
P K I Geraghty	EMI	250,000	8/11/05-7/11/05	4.5p
J P Kirtland	EMI	250,000	10/12/05-9/12/12	6.0p
J P Kirtland	EMI	150,000	18/11/06-7/11/13	12.0p

- (iii) As at the close of business on 29 September 2005 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial unless otherwise stated) of the Protec AESOP in Protec Shares were as follows:

<i>Name</i>	<i>Number of Protec Shares</i>	<i>Percentage of existing issued share capital (%)</i>
Protec AESOP	10,502,067	6.54

- (iv) During the disclosure period, the dealings for value in Protec Shares by the employee benefit trust of Protec AESOP were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of Transaction</i>	<i>Number of Protec Shares</i>	<i>Price per Protec Share</i>
Protec AESOP	29/07/2005	Buy	1,700,000	4.375p
Protec AESOP	27/01/2005	Buy	1,950,000	4.375p



Except as detailed below there have been no dealings for value in Protec Shares by Protec Directors, their immediate families and connected persons:

<i>Name</i>	<i>Date</i>	<i>Nature of Transaction</i>	<i>Number of Protec Shares</i>	<i>Price per Protec Share</i>
W Moir	27/1/2005	Buy	34,286	4.375p
J Kirtland	27/1/2005	Buy	34,286	4.375p
P Geraghty	27/1/2005	Buy	34,286	4.375p
W Moir	22/7/2005	Buy	34,286	4.375p
J Kirtland	22/7/2005	Buy	34,286	4.375p
P Geraghty	22/7/2005	Buy	34,286	4.375p

All the above acquisitions of Protec Shares relate to the allocation within the Protec AESOP of Protec Shares to the respective Protec Directors.

- (v) As at the close of business on 29 September 2005 (being the latest practicable date prior to the publication of this document), Teather & Greenwood and/or persons controlling, controlled by or under the same control as Teather & Greenwood, the nominated adviser and corporate broker to Protec, do not own or control any Protec Shares.
- (vi) During the disclosure period, the dealings for value in Protec Shares by Teather & Greenwood were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of Transaction</i>	<i>Number of Protec Shares</i>	<i>Price per Protec Share</i>
Teather & Greenwood	30/03/2005	Sell	29,346	5.5p
	22/02/2005	Sell	22,750	7p
	22/02/2005	Sell	57,000	7p
	22/02/2005	Sell	42,750	7p
	22/02/2005	Sell	174,500	7p
	22/02/2005	Sell	85,000	7p
	22/02/2005	Sell	30,770	7p
	22/02/2005	Sell	54,000	7p
	22/02/2005	Sell	52,941	7p

- (vii) During the disclosure period, the following dealings for value in Protec Shares by Brewin Dolphin, Quadnetics' corporate broker took place:

<i>Period</i>	<i>Aggregate number of Protec Shares purchased</i>	<i>Highest price paid per Protec Share purchased</i>	<i>Lowest price paid per Protec Share purchased</i>
14 Jan 2004-13 April 2004	390,000	11.9p	10.5p
14 April 2004-13 July 2004	35,400	9.83p	8.85p
14 July 2004-13 Oct 2004	2,000	8.94p	8.94p
14 Oct 2004-13 Nov 2004	10,000	6.41p	6.41p
14 Nov 2004-13 Dec 2004	—	—	—
14 Dec 2004- 13 Jan 2005	100,000	4.9p	4.9p
14 Jan 2005- 29 Sep 2005	250,000	5.66p	5.5p

	<i>Aggregate number of Protec Shares sold</i>	<i>Highest price paid per Protec Share sold</i>	<i>Lowest price paid per Protec Share sold</i>
14 Jan 2004-13 April 2004	483,800	14p	9.5p
14 April 2004-13 July 2004	291,857	9.75p	8.75p
14 July 2004-13 Oct 2004	259,079	8p	7p
14 Oct 2004-13 Nov 2004	85,000	8.12p	6.75p
14 Nov 2004-13 Dec 2004	—	—	—
14 Dec 2004-13 Jan 2005	—	—	—
14 Jan 2005-29 Sep 2005	530,585	8.35p	4.5p

(viii) Irrevocable undertakings

As at the close of business on 29 September 2005 (being the latest practicable Business Day prior to the posting of this document) the interests of persons who have provided irrevocable undertakings to accept the Offer were as follows:

R24.2(d)(viii)

<i>Name</i>	<i>Number of Protec Shares</i>
P H Parker	845,994
P K I Geraghty	36,675
L J Turner	350,000
R W Westcott	28,800,000
W J W Moir	589,092
Midia Investments SA	43,993,702
Blue Hone Investors LLP	17,671,222
Close Investment Limited	5,363,233
Singer & Friedlander Investment Management Limited	2,109,061
<b>Total</b>	<b>99,758,979</b>

In addition, Midia Investments SA has an option to subscribe for 6,666,667 new Protec Shares at an exercise price of 15p per Protec Share. The option expires on 30 June 2006.

(c) *General*

- (i) Save as disclosed above, neither Protec nor any of the Protec Directors nor any member of their immediate families owned, controlled or (in the case of Protec Directors and their immediate families) was interested in any of the issued share capital of Quadnetics or any securities convertible into, rights to subscribe for, options (including traded options) or derivatives in respect thereof, or derivatives referenced thereto on, nor has any such person dealt for value therein during the disclosure period.
- (ii) Save as disclosed in this paragraph 3, neither Quadnetics nor any of the Quadnetics Directors, nor any member of their immediate families, nor any person acting in concert with Quadnetics, nor any person who has irrevocably undertaken to accept the Offer, nor any person with whom Quadnetics or any person acting in concert with Quadnetics has an arrangement of the kind referred to in paragraph 3(c)(iv) below owned or controlled or (in the case of directors of Quadnetics and their immediate families) was interested in any relevant securities on 29 September 2005 (being the latest practicable Business Day prior to the posting of this document) nor has any such person dealt for value therein during the disclosure period.
- (iii) Save as disclosed in this paragraph 3, none of the Protec Directors nor any member of their immediate families was interested in any relevant securities on 29 September 2005 nor has any such person dealt for value therein during the disclosure period and no bank, stockbroker, financial or other professional adviser (other than an exempt market-maker) to Protec (nor any person controlling, controlled by, or under the same control as such bank, stockbroker, financial or other professional adviser) nor any subsidiary of Protec nor any pension fund of Protec or any of its subsidiaries owned or controlled any relevant

securities on 29 September 2005 (being the latest practicable Business Day prior to the posting of this document) nor has any such person dealt for value therein during the disclosure period.

- (iv) Neither Quadnetics nor any of its associates nor any person acting in concert with Quadnetics nor Protec or any of its associates has any arrangement in relation to relevant securities. For these purposes “arrangement” includes any indemnity or option arrangements and any agreement or understanding, formal or informal of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.
- (v) References in this paragraph 3 to:
  - (A) an “associate” are to:
    - (1) subsidiaries and associated companies of Quadnetics or Protec and companies of which any such subsidiaries or associated companies are associated companies;
    - (2) banks, financial and other professional advisers (including stockbrokers) to Quadnetics or Protec or a company covered in paragraph (1) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;
    - (3) the directors of Quadnetics or Protec and the directors of any company covered in paragraph (1) above (together in each case with their close relatives and related trusts);
    - (4) the pensions funds of Quadnetics or Protec or any company covered in paragraph (1) above;
    - (5) in relation to Quadnetics, an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph 3(c)(v)(A)(5)) manages on a discretionary basis, in respect of the relevant investment accounts;
  - (B) a “bank” do not apply to a bank whose sole relation with Quadnetics or Protec or a company covered in paragraph (A)(1) above is the provision of normal commercial banking services or such activities in connection with the Offer as handling acceptances and other registration work; and  
“relevant securities” means existing Protec Shares and/or Quadnetics Shares and securities convertible into, or rights to subscribe for Protec Shares and/or Quadnetics Shares, options (including traded options) in respect thereof and derivatives references thereto; and  
“disclosure period” in relation to dealings by Quadnetics, the Quadnetics Directors and its associates means the period commencing on 14 January 2004 and ending on 29 September 2005, (the latest practicable date prior to the posting of this document), and in relation to Protec, the Protec Directors and in association means the Offer Period.
- (vi) For the purposes of this paragraph 3, ownership or control of 20 per cent, or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holding, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holdings gives *de facto* control.

#### *Dealing Disclosure Requirements*

Under the provisions of Rule 8.3 of the City Code, any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control relevant securities of Quadnetics or owns or controls, or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of Quadnetics or Protec is required to disclose, by not later than 12.00 noon on the London business day following the date of the relevant transaction, dealings in such securities of that company (or in any option in respect of, or derivative referenced to, any such securities) during the period to the date on which the Offer becomes or is declared unconditional as to acceptances or is otherwise withdrawn.

Under the provisions of Rule 8.1 of the City Code, all dealings in relevant securities of Quadnetics or Protec by Quadnetics or Protec, or by any of their respective “associates” (within the meaning of the City Code) must also be disclosed.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial adviser authorised under FSMA, consult the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk) or contact the Panel on telephone number +44 20 7300 7000; fax +44 207 236 7013.

For the purposes of Rule 37.4 of the City Code, Quadnetics has not during the disclosure period (as defined above) redeemed or purchased any Quadnetics Shares.

#### 4. London Stock Exchange Quotations

- (a) The following table shows the Closing Prices for Protec Shares, for the first business day in each of the six months immediately prior to the date of this document, for 13 January 2005 (the last Business Day prior to the commencement of the Offer Period) for 22 September 2005 (being the latest practicable Business Day prior to the Announcement) and for 29 September 2005 (being the latest practicable Business Day before the publication of this document):

R24.2(a)(v)

<i>Date</i>	<i>Price per Protec Share</i>
29 September 2005	5.37 pence
22 September 2005	6.00 pence
1 September 2005	4.50 pence
1 August 2005	5.25 pence
1 July 2005	4.87 pence
1 June 2005	4.25 pence
3 May 2005	5.50 pence
1 April 2005	6.12 pence
13 January 2005	4.75 pence

- (b) The following table shows the Closing Prices for Quadnetics Shares, for the first Business Day in each of the six months immediately before the date of this document, for 13 January 2005 (the last Business Day prior to the commencement of the Offer Period) for 22 September 2005 (being the latest practicable Business Day prior to the Announcement) and for 29 September 2005 (the latest practicable Business Day before the publication of this document):

<i>Date</i>	<i>Price per Protec Share</i>
29 September 2005	240.00 pence
22 September 2005	265.00 pence
1 September 2005	267.50 pence
1 August 2005	303.50 pence
1 July 2005	232.50 pence
1 June 2005	247.50 pence
3 May 2005	250.00 pence
1 April 2005	332.50 pence
13 January 2005	307.50 pence

#### 5. Protec Directors’ Service Agreements

- (a) Save as set out below, there are no contracts of service between any Protec Director and Protec or any of its subsidiaries and no such contract has been entered into or amended or replaced within six months proceeding the date of this document.
- (b) The following are details of the existing arrangements with the Protec Directors:
- (i) The terms of employment for the Non-executive Chairman Mr Philip Parker are set out in a letter dated 8 January 1999. Mr Parker is entitled to an annual fee of £15,000 for his services as non-executive chairman and his services may be terminated on 3 months notice. By an agreement dated 8 January 1999, Mr Parker is entitled to a annual fee of £15,000 for his services as consultant. His services as a consultant may be terminated on 1 month’s notice.

- (ii) By a letter dated 12 July 2005, as amended by a letter dated 29 September 2005, William Moir was appointed as interim Chief Executive of Protec. Under the terms of his appointment Mr. Moir is entitled to a monthly salary of £12,000. Mr. Moir's employment may be terminated by either the Company or Mr. Moir on one week's written notice or the balance of the calendar month in which notice is given, whichever is the greater.
- (iii) The terms of employment of John Kirtland as executive director are set out in an agreement dated 1 July 2003. Mr Kirtland is entitled to an annual salary of £105,000 together with a discretionary bonus of up to 50% of his salary and an annual car allowance of £8,400. In addition he is entitled to pension benefits, life assurance and private medical insurance. Mr Kirtland's employment can be terminated on 6 months notice.
- (iv) The terms of employment of Paul Geraghty as Group Finance Director are set out in an agreement dated 1 November 2002. Mr Geraghty is entitled to an annual salary of £82,500 together with a discretionary bonus of up to 50% of his salary and an annual car allowance of up to £28,000 cost. In addition he is entitled to pension benefits, life assurance and private medical insurance. Mr Geraghty's employment can be terminated on 12 months notice.
- (v) The services of Robert Westcott as non-executive director are set out in an agreement dated 12 March 2001. Mr Westcott is paid an annual fee of £15,000 for his services and is entitled to reimbursement for expenses incurred in performance of his duties. Mr Westcott's services can be terminated on 3 months' notice.
- (vi) The services of Louise Turner as non-executive director are set out in a letter dated 16 October 2003. Mrs Turner is paid an annual fee of £15,000 for her services which can be terminated on 3 months' notice.
- (vii) The services of D Bate as a non-executive director are set out in a letter dated 31 May 2005. Mr Bate is entitled to an annual fee of £15,000 for his services as non-executive director and his services can be terminated on 3 months' notice. Mr Bate is entitled to an annual fee of £15,000 as a consultant under the terms of an agreement dated 23 May 2005. His services can be terminated on 1 month's notice.

## 6. Material contracts

- (a) The Company and the other members of the Group have entered into the following contracts, not being contracts entered into in the ordinary course of business, which are or may be material in the two year period preceding the publication date of this document:

- (i) *Placing Agreement*

The Company entered into a placing agreement dated 23 January 2004 with (1) a number of shareholders who wished to sell shares in the Company (the "Selling Shareholders") (2) Brewin Dolphin and (3) J M Finn & Co. Under the terms of the placing agreement Brewin Dolphin and J M Finn & Co agreed, conditionally, to place a total of 3,516,883 ordinary shares in the Company on behalf of the Selling Shareholders and 3,031,368 new ordinary shares in the Company (together the "Placing Shares") with institutional and other clients of Brewin Dolphin and J M Finn & Co (the "Placing"). The agreement contained warranties and indemnities given by the Company pursuant to the Placing in favour of Brewin Dolphin and J M Finn, including as to the accuracy of the information contained in the documents connected with the Placing and other matters relating to the Company and its business.

The maximum sum that can be recovered under the warranties is an amount equal to the aggregate value of the Placing Shares at the price at which the Placing Shares were placed, which was at a price of 265p per share.

- (ii) *Acquisition of Look Closed Circuit TV Limited*

The Company entered into an acquisition agreement dated 19 December 2004 with John Haworth, Christine Haworth and Alan Myers (the "Vendors") relating to the entire issued share capital of Look Closed Circuit TV Limited ("Look").

The total consideration for the acquisition of the shares was approximately £6.557 million. The initial consideration consisted of a cash payment of £4.9 million, £349,650 unsecured loan notes and £1.06 million worth of new ordinary shares in the Company. A further £246,000 of cash was paid by way of deferred consideration on 15 October 2004 based on Look's adjusted net assets as at May 2004. The Vendors gave the Company warranties in relation to the business, assets and liabilities of Look, subject to customary limitations such as the time limits for making a claim under the warranties being limited to six accounting periods for tax and two years for all other warranties. The maximum sum that can be recovered under the warranties is equal to the consideration payable by the Company under the Look acquisition agreement.

(iii) *Acquisition of Coex Limited*

The Company entered into an acquisition agreement dated 6 February 2004 with Christopher Chadwick and Chris Booth (the "Vendors") relating to the entire ordinary share capital and certain B share capital of Coex Limited ("Coex").

The total consideration for the acquisition of the shares was approximately £1.365 million. The initial consideration consisted of a cash payment of £1,164,857.77 and a further £200,000 of cash was paid by way of deferred consideration on in September 2004 based on Coex's profits during the earn-out period specified in the agreement.

The Vendors gave the Company warranties and indemnities in relation to the financial status, business, assets and liabilities of Coex, subject to customary limitations including time limits for bringing a claim of seven years in the case of tax and nineteen months in the case of all other warranties, and a minimum aggregate threshold of £15,000 below which no claims can be brought and a de minimis figure of £1,000. The maximum sum that can be recovered under the warranties is equal to the consideration received by the Vendors under the Coex acquisition agreement.

(iv) *Acquisition of Alphapoint LLC*

The Company and its subsidiary Synectic Systems, Inc. ("Synectic") entered into an asset purchase agreement dated 18 April 2005 with Alphapoint LLC ("Alphapoint"), a Californian limited liability company, and John Katnic, John Sullivan and Zeb Pena (the "Members") who together owned the issued and outstanding membership interests in Alphapoint) relating to the purchase by Synectic of substantially all of the properties, assets and business of Alphapoint.

The maximum consideration for the acquisition is not to exceed US\$3.5 million consisting of an initial cash payment of \$727,503.94 based in part on the net asset value of the assets being acquired by Synectic together with shares in the Company of a value of \$200,000. Subject to the conditions of the asset purchase agreement a maximum further payment not to exceed \$2 million is to be paid in installments during the first four years following the completion of the asset purchase agreement together with additional shares in the Company up to a value of \$400,000 to be released from escrow three years following the completion of the asset purchase agreement.

The Members and Alphapoint gave the Company representations, warranties and indemnities in relation to the properties, assets and business of Alphapoint, subject to various limitations including time limits for bringing a claim and a minimum aggregate threshold below which no claims can be brought. The maximum sum that can be recovered under the warranties is equal to the consideration paid under the asset purchase agreement and the minimum aggregate threshold below which no claims can be brought is \$37,500.

(v) *Inducement Fee*

Quadnetics and Protec have entered into an agreement under which Protec has agreed to pay Quadnetics an inducement fee of £90,000 (inclusive of any non-recoverable VAT) if prior to the Offer lapsing or being withdrawn or being declared or becoming unconditional in all respects an alternative offer (however structured) for the issued share capital of Protec becomes or is declared unconditional in all respects or the Board of Protec changes its recommendation of the Offer.

- (b) Protec and the other members of the Group have entered into the following contracts, not being contracts entered into in the ordinary course of business, which are or may be material in the two year period preceding the publication date of this document.
  - (i) the inducement fee agreement referred to in 6(a)(v) above.
  - (ii) Protec entered into a compromise agreement with Bruce Hiscock dated 5 June 2005. Under the terms of the compromise agreement, Mr Hiscock agreed to the termination of his employment as Chief Executive Officer of Protec as at 31 May 2005. The payment to Mr Hiscock under the compromise agreement was in the sum of £150,000. In addition the sum of £1,500 (plus VAT) was paid to Mr Hiscock's solicitors in respect of legal costs incurred.

## **7. Miscellaneous**

- (a) Save as disclosed in this document, no arrangement, agreement or understanding (including any compensation arrangement) exists between Quadnetics or any person acting in concert with Quadnetics for the purposes of the Offer and any of the directors, recent directors, shareholders or recent shareholders of Protec having any connection with or depending upon or which is conditional on the outcome of the Offer.
- (b) Save as disclosed in this document, no proposal exists in connection with the Offer for any payment or other benefit to be made or given by Quadnetics or any person acting in concert with Quadnetics for the purposes of the Offer to any Protec Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- (c) There is no agreement, arrangement or understanding by whereby the beneficial ownership of any of the Protec Shares acquired pursuant to the Offer will be transferred to any other person, save that Quadnetics reserves the right to transfer any such Protec Shares to any of its subsidiaries.
- (d) Save as disclosed in this document, so far as the Quadnetics Directors are aware, there has been no material change in the financial or trading position of Quadnetics since 31 May 2005, being the date to which its last audited accounts were prepared.
- (e) Save as disclosed in Protec's interim results for the six months ended 31 December 2004, and the section headed "Current Trading and Prospects" in Part I of this document, so far as the Protec directors are aware, there has been no material change in the financial or trading position of Protec since 30 June 2004, being the date to which its latest audited accounts were prepared.
- (f) Brewin Dolphin and Teather & Greenwood have each given and not withdrawn their written consent to the issue of this document with the inclusion in it of their names and the reference to their names in the form and context in which they appear.
- (g) All share prices are derived from the AIM appendix of the Daily Official List.
- (h) All references to time in this document and in the Form of Acceptance are to London time unless the context provides otherwise.
- (i) The emoluments of the Quadnetics Directors will not be affected by the acquisition of Protec.

## **8. Documents on display**

- (a) Copies of the following documents may be inspected, during normal business hours on working days, at the offices of Taylor Wessing, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4 while the Offer remains open for acceptance:
  - (i) the audited accounts of Quadnetics for the two financial periods ended 31 May 2004 and 31 May 2005;
  - (ii) the memorandum and articles of association of Quadnetics and of Protec;
  - (iii) the audited accounts of Protec for the two financial years ended 30 June 2003 and 30 June 2004;
  - (iv) the irrevocable undertakings to accept the Offer referred to in paragraph 3(b)(vii) of this Appendix II;
  - (v) the service agreements/letters of appointment of the Protec directors referred to in paragraph 5 of this Appendix II;

- (vi) the material contracts and the inducement fee letter referred to in paragraph 6 of this Appendix II above;
- (vii) the written consents referred to in paragraph 7 of this Appendix II above;
- (viii) the full list of aggregated dealings set out in paragraph 3(a)(iii) and 3(b)(vii) in Appendix II to this document;
- (ix) the Announcement; and
- (x) this document, the Form of Acceptance and the Equivalent Document.

Copies of this document are available, free of charge from the registered office of Quadnetics, and from the offices of Brewin Dolphin, 34 Lisbon Street, Leeds, LS1 4LX during normal office hours, Saturdays and Sundays excepted while the Offer remains open for acceptance.



## APPENDIX III

### Definitions

In this document the following terms and expressions have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of Protec pursuant to the Offer
“Act”	the Companies Act 1985, as amended
“Admission”	admission of the New Quadnetics Shares, to be issued pursuant to the Offer, to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing the admission to and operation of AIM
“Announcement”	means the announcement made on 23 September 2005 in accordance with Rule 2.5 of the City Code that the board of Quadnetics and the board of Protec had reached agreement on the terms of the Offer
“Australia”	means the Commonwealth of Australia, its states, territories and all areas subject to its jurisdiction or any political subdivision of it
“Brewin Dolphin”	Brewin Dolphin, the Company’s financial and nominated adviser, and broker
“Business Day”	a day (other than a Saturday or Sunday) on which clearing banks are generally open for usual business in the City of London
“Canada”	means Canada, its provinces and territories and all areas subject to its jurisdiction or any political subdivision of it
“Capita Registrars”	a trading division of Capita IRG Plc
“certificated” or “in certificated form”	means a share or security which is not in uncertificated form (that is, not in CREST)
“Circular”	the circular sent to Quadnetics Shareholders dated 30 September 2005
“City Code”	The City Code on Takeovers and Mergers
“Closing Price”	means the middle market quotation for the relevant share on the close of trading on the Daily Official List on the relevant date
“Company” or “Quadnetics”	Quadnetics Group plc
“CREST”	the relevant system (as defined in the Regulations) in respect of which CRESTCo Limited is the operator in accordance with which securities may be held and transferred in uncertificated form
“CRESTCo”	means CRESTCo Limited
“CREST member”	means a person who has been admitted by CRESTCo as a system-member (as defined in the Regulations)
“CREST participant”	means a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
“CREST payment”	shall have the meaning given in the CREST manual issued by CRESTCo
“CREST sponsor”	means a CREST participant admitted to CREST as a sponsor
“CREST sponsored member”	means a CREST member admitted to CREST as a sponsored member
“CREST UK System”	the facilities and procedures for the time being of CREST
“Daily Official List”	means the Daily Official List of the London Stock Exchange

“EBT Shares”	means the Quadnetics Shares held by the Quadnetics Group Employee Share Scheme Limited Partnership
“EEA States”	the states which are contracting parties to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being (such states being at the date of this document Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom)
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of Quadnetics to be held on 17 October 2005 (or any adjournment thereof)
“Enlarged Board”	means the directors of Quadnetics on Admission whose names are as set out in paragraph 2(a) and 2(b) of Appendix II to this document
“Enlarged Group”	the Quadnetics Group immediately after the Offer becomes or is declared unconditional respects, including the Protec Group
“Enlarged Issued Share Capital”	the issued ordinary share capital of Quadnetics as enlarged by the issue of the New Quadnetics Shares (assuming full acceptance of the Offer and without taking into account any shares to be issued on the exercise of options under the Protec Share Option Schemes and/or the Quadnetics Share Option Schemes)
“Equivalent Document”	the document dated 30 September 2005 containing equivalent information to that of a prospectus for the purposes of the Rule 1.2.2R(2) of the Prospectus Rules in relation to the New Quadnetics Shares for which application for admission has been made
“Escrow Agent”	means Capita IRG Plc in its capacity as escrow agent (as defined in the CREST Manual issued by CRESTCo) for the purposes of the Offer
“ESA Instruction”	means an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST manual issued by CRESTCo)
“First Closing Date”	means the first closing date of the Offer, being 1.00 p.m. on 21 October 2005
“Form of Acceptance”	means the form of acceptance and authority relating to the Offer and accompanying the Offer Document
“Form of Proxy”	the form of proxy accompanying the Circular for use at the EGM
“FPO”	Financial Services and Markets Act 2000 (Financial Promotions) Order 2005
“FSA”	the Financial Services Authority, acting in its capacity as competent authority in the United Kingdom pursuant to Part VI of FSMA
“FSMA”	Financial Services and Markets Act 2000 (as amended)
“Japan”	means Japan, its provinces and territories and all areas subject to its jurisdiction or any political subdivision of it
“Listing Rules”	the rules and regulations made by the UKLA under Part VI of FSMA (as amended)
“London Stock Exchange”	London Stock Exchange Plc
“Look CCTV”	a trading division of Quadnetics
“member account ID”	means the identification code or number attached to any member account in CREST
“New Quadnetics Shares”	up to 3,732,861 new Ordinary Shares to be issued by Quadnetics pursuant to the Offer

“New Quadnetics Share” or “Quadnetics Share”	means one of the New Quadnetics Shares to be allotted and issued pursuant to the Offer
“Offer Document”	means this document
“Offer Period”	means the period commencing on 14 January 2005 and ending on the latest of: (a) the First Closing Date; (b) the date on which the Offer lapses; or (c) the date on which the Offer becomes or is declared unconditional as to acceptances
“Offer” or “Recommended Offer”	means the recommended all share offer made by Brewin Dolphin on behalf of Quadnetics, on the terms and subject to the conditions set out in this Offer Document and the Form of Acceptance, to acquire all of the Protec Shares (including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer)
“Official List”	the Official List of the UKLA
“Ordinary Shares” or “Quadnetics Shares”	ordinary shares of 20p each in the capital of the Company
“Overseas Shareholders”	has the meaning set out in paragraph 5 of Part B of Appendix I to this document
“Panel or Takeover Panel”	The Panel of Takeovers and Mergers
“participant ID”	means the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“PFI”	Private Finance Initiative
“Proposed Directors”	Mr D Bate and Mr R W Westcott, who have agreed to become directors of Quadnetics upon the Offer being declared unconditional
“Prospectus Rules”	the rules made by the FSA pursuant to section 84(1) of FSMA for the purposes of Part VI of FSMA in relation to offers of securities to the public
“Protec”	Protec plc
“Protec AESOP”	means the Protec All Employee Share Option Plan
“Protec Directors” or “Protec Board”	means the directors of Protec as listed in the letter from the chairman of Protec in Part I of this document
“Protec Group”	Protec and its Subsidiaries and/or (where the context requires) one or more others
“Protec Options”	means options granted under the Protec Share Option Schemes
“Protec Optionholders”	means holders of any Protec Options
“Protec Shareholders”	holders of Protec Shares
“Protec Share Option Schemes”	together the Protec Unapproved Executive Share Option Scheme, the Protec Unapproved Non-executive Share Option Scheme and the Protec EMI Share Option Scheme
“Protec Shares”	means the existing unconditionally allotted or issued and fully paid ordinary shares of 1p each in the capital of Protec and any further such shares which may be issued or unconditionally allotted and fully paid prior to the time and date on which the Offer closes or by such earlier date and time as Quadnetics may, subject to the City Code, decide
“Quadnetics Board” or “Quadnetics Directors”	the directors of Quadnetics
“Quadnetics Group”	Quadnetics and its Subsidiaries and /or (where the context requires) any one or more of them

“Quadnetics Share Option Schemes”	together the Quadnetics Group plc Company share option scheme and the Quadnetics Group plc EMI share option scheme
“Quadnetics Shareholders”	holders of Quadnetics Shares
“Receiving Agent”	Capita Registrars
“Registrar”	means Computershare Services Plc in its capacity as registrar to Protec Plc
“Regulations”	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Regulatory Information Service”	means any of the services set out in Schedule 12 to the Listing Rules
“Republic of Ireland”	means the Republic of Ireland, its provinces and territories and all areas subject to its jurisdiction or any political subdivision of it
“Resolutions”	the resolutions to be proposed at the EGM to increase the authorised share capital of the Company and to authorise the Board to allot New Quadnetics Shares in order to implement the Offer
“South Africa”	South Africa, its provinces and territories and all areas subject to its jurisdiction or any political subdivision of it
“Subsidiary”	a subsidiary undertaking (as defined by section 258 of the Act)
“Synectics”	Synectic Systems Limited, a subsidiary of the company
“Teather & Greenwood”	Teather & Greenwood Limited
“TFE instruction”	means a transfer from escrow instruction (as defined by the CREST Manual issued by CRESTCo)
“TTE instruction”	means a transfer to escrow instruction (as defined by the CREST Manual issued by CRESTCo)
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	means the Financial Services Authority, acting as UK Listing Authority
“uncertificated” or “in uncertificated form”	means recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations may be transferred by means of CREST
“United States”	means the United States of America, its territories and possessions, any states of the United States and the District of Columbia
“US Securities Act”	means the United States Securities Act 1993, as amended
“VAT”	value added tax

All times referred to in this document are London times.

