



19 July 2006

REDSTONE PLC

Announces the acquisition of the Tolerant Group of Companies.

*Addition of UK network security solutions provider
significantly bolsters business capabilities*

Redstone plc ("Redstone"), the national provider of communications and IT solutions, announces today, that it has completed the acquisition of Tolerant Systems Ltd, Net-Adept Limited, Net Quest Solutions Limited and Trent Datacomms Limited (together the "Tolerant Group of Companies"), some of the UK's leading providers of Network Security Solutions.

Tolerant is a Network Management, Monitoring, Analysis and Security Provider and has the exclusive rights to sell Computer Associates' anti-virus and anti-spyware products to larger businesses in the UK. As such, it enables Redstone to offer an additional range of highly valued services to its customers in partnership with one of the world's largest IT management software providers. The Tolerant Group of Companies will be integrated into Redstone Managed Solutions, an operating division of Redstone plc and will greatly enhance this division's market proposition. The Tolerant Group of Companies are based in Stoke on Trent and have a total of 36 employees.

Its unaudited results for the 12 months on a pro forma basis to May 2006 showed that it achieved aggregate revenues of £5.5m and adjusted EBITDA of £0.7m. Total gross consideration amounts to £3.75m constituting; £1.6m in cash, £0.8m of loan notes, with interest to be charged at 0.25 per cent (gross) above the published base rate of Barclays Bank PLC ("Barclays"), and the balance to be satisfied by the issue of 25,000,000 new ordinary shares of 1p each ("New Ordinary Shares"). The cash consideration is to be funded from Redstone's existing facilities with Barclays.

Application has been made for the New Ordinary Shares to be admitted to trading on AIM and dealings are expected to commence on 24 July 2006.

The Tolerant Group of Companies' management team will remain with the business and report into Tariq Saied, MD Redstone Managed Solutions. The current major shareholder and MD of Tolerant, Nick Tunstall, will remain with the business for up to six months to assist with a smooth integration with Redstone.

Martin Balaam, CEO Redstone commented, "This is an excellent move for Redstone Managed Solutions, not only does it add necessary scale to this business but Tolerant also brings additional skills into the division. There are also significant cross selling opportunities as Redstone looks to sell the Network Security products across the whole Redstone customer base. We welcome onboard the Tolerant team and look forward to working with them.

"This acquisition combined with the offer for Symphony Telecom Holdings plc, which was declared wholly unconditional yesterday, represents the initial stage of Redstone's stated strategy to become one of the leading IT and communications solution providers in the UK and Ireland. As such Redstone will continue to look for other earnings enhancing acquisitions in this rapidly consolidating market place."

ENQUIRIES:

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