

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document does not constitute an admission document for the purposes of the AIM Rules but has been drawn up in accordance with the AIM Rules. Any offer of Ordinary Shares is being made only to investors for the purposes of and as defined in Section 86 of FSMA and accordingly this document does not constitute, and the Company is not making, an offer to the public within the meaning of Sections 85 and 102B of FSMA. This document is therefore not an approved prospectus for the purposes of section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and as such has not been approved by the Financial Services Authority or by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

If you have sold or otherwise transferred all or part of your ordinary shares in Worthington Nicholls Group plc, you should send this document, together with the accompanying Form of Proxy as soon as possible, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Company and the Directors of Worthington Nicholls Group plc, whose names appear on page 3 of this document, accept responsibility, both individually and collectively, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Placing Shares will commence on AIM on 25 May 2007. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange plc nor the UK Listing Authority has examined or approved the contents of this document.

The whole of this document should be read. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this document.

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# WORTHINGTON NICHOLLS GROUP PLC

(incorporated in England and Wales under registered number 5697574)

## Placing of 11,764,706 new Ordinary Shares at £1.70 per share

### Notice of Extraordinary General Meeting

Nominated Adviser and Broker:



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The Placing is conditional, *inter alia*, on Admission taking place at 8.00 a.m. on 25 May 2007 (or such later date as the Company and Blue Oar Securities Plc may agree, being not later than 8.00 a.m. 1 June 2007). All of the New Placing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Existing Ordinary Shares after Admission. It is emphasised that no application is being made for the Placing Shares to be admitted to the Official List of the UKLA or to any other recognised investment exchange.

Blue Oar Securities Plc, which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser and broker to Worthington Nicholls Group plc and no one else and will not be responsible to any other person for providing protections afforded to customers of Blue Oar Securities Plc. Blue Oar Securities Plc has given and not withdrawn its written consent to the issue of this circular with the references herein to its name in the form and context in which they appear.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares. Subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within Australia, Canada, Japan, Republic of Ireland, Republic of South Africa or the United States or offered or sold to a person within Australia, Canada, Japan, Republic of Ireland, Republic of South Africa or the United States.

A copy of this circular will be available for collection, free of charge, from the offices of Blue Oar Securities Plc, 30 Old Broad Street, London EC2N 1HT from the date of this document for the period of one month from Admission.

Notice of an Extraordinary General Meeting of the Shareholders to be held at St James's Court, Brown Street, Manchester M2 2JF at 10.00 a.m. on 24 May 2007 is set out at the end of this document.

**THE ACTION TO BE TAKEN BY SHAREHOLDERS IS SET OUT IN THIS DOCUMENT.** Please complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to be received by Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event no later than 48 hours before the Extraordinary General Meeting. Completion and posting of the Form of Proxy does not prevent a shareholder from attending and voting in person at the Extraordinary General Meeting.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy from Shareholders in respect of the Extraordinary General Meeting	10.00 a.m. on 22 May 2007
Extraordinary General Meeting	10.00 a.m. on 24 May 2007
Admission and dealings in New Ordinary Shares to commence on AIM	25 May 2007
CREST accounts to be credited in respect of the Placing Shares to be held in uncertificated form	25 May 2007
Dispatch of definitive share certificates in respect of the Placing Shares to be held in certificated form	1 June 2007

### PLACING AND ACQUISITION STATISTICS

Placing Price	£1.70
Number of Ordinary Shares in issue prior to the Placing and Acquisitions	73,546,315
Number of Consideration Shares to be issued pursuant to the Acquisitions	1,691,057
Number of Placing Shares to be issued pursuant to the Placing	11,764,706
Number of Ordinary Shares in issue following the issue of New Ordinary Shares	87,002,078
Percentage of enlarged issued share capital represented by the Placing Shares	13.52%
Approximate net proceeds of the Placing available to the Company	£19.1 million
Market capitalisation following the Placing and the Acquisitions at the Placing Price	£147.9 million

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors:</b>	Peter Worthington, <i>Non Executive Chairman</i> Alastair Maxwell Stoddart, <i>Non Executive Deputy Chairman</i> Peter Mark Worthington (Mark Worthington), <i>Chief Executive Officer</i> David Edward Levis, <i>Corporate Director</i> Timothy James Hunt, <i>Finance Director</i> Stephen Thomas Mulligan, <i>Non Executive Director</i>
<b>Company Secretary:</b>	Halliwells Secretaries Limited
<b>Registered Office:</b>	St. James's Court Brown Street Manchester M2 2JF
<b>Nominated Adviser and Broker:</b>	<b>Blue Oar Securities Plc</b> 30 Old Broad Street London EC2N 1HT
<b>Auditors:</b>	<b>HWCA Limited</b> 120-124 Towngate Leyland, Preston Lancashire PR25 2LQ
<b>Solicitors to the Company:</b>	<b>Halliwells LLP</b> St. James's Court Brown Street Manchester M2 2JF
<b>Registrars:</b>	<b>Capita Registrars Limited</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>PR:</b>	<b>Gresham PR</b> 21 Bloomsbury Way London WC1A 2TH

## DEFINITIONS

“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the New Ordinary Shares to trading on AIM and becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
“Acquisitions”	the acquisition by the Company of Classic Interiors, EPS and the Woods Group
“Blue Oar Securities”	Blue Oar Securities Plc, nominated adviser and broker to the Company (registered in England and Wales under company number 2617599)
“Circular”	this document dated 1 May 2007, addressed to the Shareholders
“Classic Interiors”	Classic Interiors Contractors Limited (registered in England and Wales under company number 3738194)
“Closing Price”	the closing middle quotation per Existing Ordinary Share as published in the Daily Official List of AIM
“Company” or “Worthington Nicholls”	Worthington Nicholls Group plc (registered in England and Wales under company number 5697574)
“Consideration Shares”	the 1,691,057 new Ordinary Shares issued to the vendors of the Acquisitions as part of the initial considerations
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument and which is operated by CrestCo Limited, the operator of CREST
“Directors” or “Board”	the directors of the Company at the date of this document, whose names are set out on page 3 of this document
“Enlarged Group”	the Company and its subsidiaries and subsidiary undertakings following completion of the Acquisitions
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission including the New Ordinary Shares
“EPS”	Euro Property Services (London) Limited (registered in England and Wales under company number 2403029)
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 24 May 2007, notice of which is set out at the end of this document
“Existing Ordinary Shares”	the 73,546,315 Ordinary Shares in issue on the date of this document
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its subsidiaries and subsidiary undertakings at the date of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Consideration Shares
“Ordinary Shares”	the ordinary shares of 1 pence each in the capital of the Company
“Placing”	the conditional placing by Blue Oar Securities of the Placing Shares at the Placing Price in accordance with the Placing Agreement

“Placing Agreement”	the conditional agreement dated 1 May 2007 between, <i>inter alia</i> , (1) the Company and (2) Blue Oar Securities relating to the Placing
“Placing Price”	£1.70 per share
“Placing Shares”	the 11,764,706 new Ordinary Shares to be issued pursuant to the Placing
“Resolutions”	the resolutions set out in the notice of Extraordinary General Meeting at the end of this document
“Shareholders”	holders of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“Woods Group”	Woods and its subsidiary companies
“Woods”	Woods Holdings Wilmslow Limited (registered in England and Wales under company number 6225070)

## LETTER FROM THE CHAIRMAN OF THE COMPANY

# WORTHINGTON NICHOLLS GROUP PLC

(a company incorporated in England and Wales under registered number 5697574)

### Directors:

Peter Worthington, *Non Executive Chairman*  
Alastair Maxwell Stoddart, *Non Executive Deputy Chairman*  
Peter Mark Worthington (Mark Worthington), *Chief Executive Officer*  
David Edward Levis, *Corporate Director*  
Timothy James Hunt, *Finance Director*  
Stephen Thomas Mulligan, *Non Executive Director*

### Registered Office:

St. James's Court  
Brown Street  
Manchester  
M2 2JF

1 May 2007

Dear Shareholder

### **Placing of 11,764,706 new Ordinary Shares at £1.70 per share Notice of Extraordinary General Meeting**

## 1. INTRODUCTION

The Board of Worthington Nicholls announced today the completion of the Acquisitions and that the Company is proposing to raise £20 million, before expenses, by way of a placing of 11,764,706 new Ordinary Shares at £1.70 per new Ordinary Share, in order to increase working capital of the Company and provide further funding for identified acquisitions. In addition, to meet institutional demand for shares in the Group, the Selling Shareholder is proposing to sell 2,000,000 Sale Shares pursuant to the Placing.

The issue price of £1.70 per new Ordinary Share represents a 3.4 per cent. discount to the Closing Price of £1.76 per Ordinary Share on 31 May 2007 (being the latest practicable date prior to the publication of this document).

The purpose of this document is to explain the background to, and the reasons for, the Placing and to convene the EGM at which Shareholders' approval will be sought for the Resolutions required to enable the Placing.

## 2. BACKGROUND

The entire issued share capital of the Company was admitted to trading on AIM in June 2006 raising £6.6 million, after expenses, in order to fund growth and to provide working capital for the Group. On 10 November 2006, the Company raised an additional £6 million in order to facilitate further organic growth and identified acquisitions.

The Group operates as principal contractor for delivery of end to end solutions in the air conditioning market, from initial survey through design and specification to installation and ongoing maintenance.

The Group's customers include a range of blue-chip companies operating in a number of different market sectors including hotel and leisure, retail, restaurants, manufacturing and technology industries.

The Group's aim is to become the pre-eminent support services supplier in the heating, ventilating and air conditioning sector in Europe.

## 3. CURRENT TRADING AND PROSPECTS

### *Organic growth*

The Directors are pleased to announce that the Group's new business pipeline has increased in line with projections and that current trading is strong.

As reported in a trading statement on 17 April 2007, the Group has continued to grow its tender book with a new business pipeline including an increasing number of major air conditioning installation contracts for hotels in continental Europe, an important new market for Worthington Nicholls.

### *Acquisitions*

On 26 June 2006, the Company acquired the entire issued share capital of Project Air Limited (“Project Air”) and on 21 December 2006 acquired the entire issued share capital of specialist electrical contractor Lumenglow Limited (“Lumenglow”).

Since acquisition, the performance of these companies have exceeded Directors expectations. Project Air has provided a valuable route into the retail air conditioning market whilst Lumenglow has helped improve the Group’s service offering.

The Company has today announced the completion of three further acquisitions which the Directors believe will benefit the Group by way of:

- an increased geographical coverage in England;
- additional sector client diversification;
- increased service offerings of the Group; and
- identified synergy cost savings.

The Directors expect the Acquisitions to be earnings enhancing in their first full financial year as part of the Group. Further details on the Acquisitions are set out below.

#### **Woods Holdings Wilmslow Limited**

The Group has, conditional on consent from the Woods’ bank being received, acquired the entire issued share capital of Woods. The initial consideration comprises £1 million in cash and £0.5 million to be satisfied through the issue of 294,117 new Ordinary Shares at £1.70 per share. Upon achieving certain profit performance criteria for the financial years 2008 and 2009, further consideration will become payable, split equally between cash and new Ordinary Shares.

The Woods Group is a specialist in the design, supply, installation, commissioning and maintenance of all types of air conditioning, heating and ventilation systems, providing full turnkey projects to the building services industry with a high profile within the commercial office sector.

The acquisition of the Woods Group will help provide client diversification to the Group’s existing retail and hotel sector focus and further geographical coverage, as it presently operates from 3 locations, Leeds, Wilmslow and London. Following the acquisition, the Woods Group’s head office in Wilmslow will be relocated to that of Worthington Nicholls, which should present an opportunity to increase operating efficiencies and help to facilitate organic growth.

The Woods Group reported profits before tax of £0.32 million on sales of £7.80 million in its last audited accounts for the financial year ended 31 May 2006. Current trading is 75 per cent. higher than the same period last year, with annual forecast sales of £14 million and forecast profit before tax of £0.72 million for the year to 31 May 2007. As at 31 December 2006, the Woods Group had net assets of £0.32 million.

Ian Woods, the founder and managing director of the Woods Group, will remain with the Enlarged Group following completion of the deal.

#### **Euro Property Services (London) Limited**

Founded in 1989, EPS designs, installs and maintains air conditioning systems principally for the 5 star hotel sector and also has an agency agreement to supply and install specialist restaurant kitchen machinery. It provides a non-contracted 24-hour, 365 days a year emergency call out service. Its customers are largely branded hotels located mostly in the M25 corridor, and include establishments such as The Ritz, The Savoy and The Waldorf. With offices in Hammersmith, EPS gives Worthington Nicholls an important base within London.

It reported sales of £3.18 million in its last audited accounts for the financial year ended 31 December 2006, with profit before tax of £1.14 million. As at 31 December 2006, EPS had net assets of £2.25 million.

The Group has, conditional upon payment of the initial consideration, acquired the entire issued share capital of EPS. The initial consideration will be for £1,674,000 in cash and £1,174,800 to be satisfied through the issue of 691,058 new Ordinary Shares at £1.70 per share. Upon achieving certain profit performance criteria for the financial years 2008 and 2009, further consideration will become payable, split between cash and new Ordinary Shares.

As part of the terms of the acquisition, founder and managing director of EPS, Michael Stopford, will remain within the enlarged Group following completion of the deal. His management team will be augmented by Nigel Horner, a Worthington Nicholls operational director of 3 years. Nigel will become Group general manager for the London area with responsibility for the integration of EPS.

#### **Classic Interiors Contractors Limited**

The Group has, conditional upon the payment of the initial consideration, acquired the entire issued share capital of one of its key subcontractors, Classic Interiors. The initial consideration payable is £0.5 million in cash and £1.2 million to be satisfied through the issue of 705,882 new Ordinary Shares at £1.70 per share. Provided that certain 2007 turnover performance criteria are satisfied, further deferred consideration payments will be due, payable in cash.

The acquisition strengthens the Group's client base and extends its footprint in the South East of England.

Classic Interiors provides Worthington Nicholls with light building and redecoration services to restore hotel rooms and public spaces to agreed standards following major air conditioning or heating and ventilation programmes. Classic Interiors started trading in 1980 and today employs 16 staff. It reported profits before tax of £0.89 million on sales of £3.23 million in its last audited accounts for the financial year ended 31 December 2006. As at 31 December 2006, Classic Interiors had net assets of £0.58 million.

Based in Dartford, Kent, Classic Interiors' services include building and construction, as well as shop fitting, site and project management and office refurbishment. Its customers include Early Learning Centre, Holiday Inn and Crowne Plaza Hotels.

In 2006, over a third of Classic Interiors' total turnover was generated by Worthington Nicholls itself. Over the last two years, the Group has spent approximately £3 million with Classic Interiors.

Senior directors of Classic Interiors, Mark Brown, Lee Barnacle and Robert Vinicombe will remain with the Enlarged Group after completion of the deal.

After the acquisition is completed, Classic will move into a new Worthington Nicholls' office, which opened on 20 April 2007 in Bluewater, Kent.

#### *Lock-in agreements*

1,279,292 Consideration Shares, representing 75.6 per cent. of the Consideration Shares, will be subject to a lock in agreement which, save in exceptional circumstances, prohibits the vendors of the Acquisitions from selling their shares for one year from completion and, thereafter, subjects them to orderly market arrangements for a further year. Any further issues of deferred consideration shares will be subject to similar arrangements.

#### **4. REASONS FOR THE PLACING AND USE OF PROCEEDS**

On 10 November 2006, the Company raised £5.7 million, after expenses. Whilst part of these funds have been utilised for initial cash consideration payments for the Acquisitions, the strong trading momentum in the Group's current business has led to a greater working capital requirement. The Directors believe that this also reflects the opportunity available to the Group through organic growth.

Of the proceeds earmarked to fund organic growth, a proportion of these will be applied to fund growth within Group's first two acquisitions, air conditioning installers Project Air Limited and specialist electrical contractor Lumenglow Limited, whose respective performances have exceeded directors' expectations and therefore require additional funds to support their accelerating growth.

On the acquisition front, the Group continues to see numerous opportunities and has identified a number that it is exploring or wishes to explore. The stated objective is to make acquisitions only where it is expected that they would add or strengthen the Group's offering on an earnings enhancing basis.

The Directors intend to utilise the net proceeds of the Placing, being approximately £19.1 million, to pursue additional, identified acquisition opportunities and to provide additional working capital to assist further organic expansion of the Enlarged Group. The Directors consider that the Placing is in the best interests of the Group.

#### **5. DETAILS OF THE PLACING**

The Company is proposing to raise £20 million, before expenses, through a placing arranged by Blue Oar Securities of 11,764,706 new Ordinary Shares at £1.70 per Ordinary Share. Blue Oar Securities has

conditionally agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The obligations of Blue Oar Securities under the Placing Agreement, and therefore the Placing, are conditional upon *inter alia*, passing of the Resolutions and Admission taking place by 8.00 a.m. on 25 May 2007 (or such later date, being not later than 8.00 a.m. on 1 June 2007, as the Company and Blue Oar Securities shall agree). The Placing Agreement contains provisions entitling Blue Oar Securities to terminate the Placing Agreement at any time prior to Admission in certain limited circumstances.

The Placing Shares will represent approximately 13.52 per cent. of the Enlarged Share Capital at Admission. On Admission, the Company will have a market capitalisation of approximately £147.9 million at the Placing Price.

Under the Placing Agreement, the Company has agreed to pay Blue Oar Securities commission of the aggregate value of the Placing Shares placed at the Placing Price, a corporate finance fee and the costs and expenses of the Placing of new Ordinary Shares together with any applicable VAT.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive and retain all dividends and other distributions declared, paid or made in respect of the Existing Ordinary Shares after Admission.

## 6. ADMISSION TO AIM

Application will be made to the London Stock Exchange for all of the Placing Shares to be admitted to trading on AIM. Conditional upon the passing of the Resolutions, Admission is expected to become effective and trading in the Placing Shares to commence on AIM on 25 May 2007.

## 7. EGM

You will find set out at the end of this document a notice convening the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 24 May 2007 at St James's Court, Brown Street, Manchester M2 2JF. The following Resolutions will be proposed at the EGM:

- (i) resolution number 1 will be proposed as an ordinary resolution to increase the authorised share capital of the Company from £900,000 to £1,150,000, by the creation of 25,000,000 Ordinary Shares each ranking *pari passu* in all respects with the Existing Ordinary Shares;
- (ii) resolution number 2 will be proposed as an ordinary resolution for the purpose of authorising the Directors, pursuant to section 80 of the Act to allot relevant securities up to £250,766 in nominal amount; and
- (iii) resolution number 3 will be proposed as a special resolution for the purpose of empowering the Directors, pursuant to section 95 of the Act to allot equity securities (as defined in the Act) outside Shareholders' statutory pre-emption rights under the Act to the extent specified in the resolution.

## 8. ACTION TO BE TAKEN

Shareholders will find accompanying this document a Form of Proxy for use at the EGM. Whether or not you propose to attend the EGM in person, Shareholders are requested to complete and sign the Form of Proxy and return it by post or (during normal business hours) by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 48 hours before the time of the EGM. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the EGM and voting in person, if he or she so wishes.

## 9. RECOMMENDATION

**The Directors consider that the Placing and the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend to do so in respect of their own shareholdings which amount, in aggregate to 11,595,000 Ordinary Shares, representing approximately 15.41 per cent. of the Existing Ordinary Shares.**

Yours faithfully

Peter Worthington  
Non Executive Chairman

**WORTHINGTON NICHOLLS GROUP PLC**  
(the “Company”)

*A company incorporated in England and Wales with registered number 5697574*

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the Company will be held at 10.00 a.m. on 24 May 2007 at St. James’s Court, Brown Street, Manchester M2 2JF for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbered 1 and 2 will be proposed as ordinary resolutions and resolution number 3, which will be proposed as a special resolution:

**ORDINARY RESOLUTIONS**

1. THAT the authorised share capital of the Company be increased from £900,000 to £1,150,000 by the creation of 25,000,000 ordinary shares of 1p each ranking *pari passu* in all respects with the existing ordinary shares of 1p each in the capital of the Company.
2. THAT for the purposes of and pursuant to section 80(1) of the Companies Act 1985 (the “Act”), the directors of the Company be generally and they are hereby generally and unconditionally authorised to exercise all and any powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £250,766 (in substitution of any subsisting authorities under the Act) to such persons and at such times and upon such terms and conditions as they may determine (subject always to the articles of association), provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may at any time prior to the expiry of the authority, make an offer, arrangement or agreement which would or might require relevant securities to be allotted after expiry of the authority and the directors of the Company may allot relevant securities in pursuance of such offer, agreement or arrangement as if the authority or power hereby conferred had not expired.

**SPECIAL RESOLUTION**

3. THAT the directors be and they are hereby empowered for the purposes of and pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) pursuant to the general authority and power conferred by the resolution numbered 2 in this notice of meeting as if section 89(1) of the Act did not apply to any such allotment, provided that this authority and power shall, unless previously revoked, renewed, extended, revised or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that this authority and power be limited to:
  - (a) the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer or allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the directors of the Company may deem necessary or expedient to deal with fractional entitlement or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory) to the respective numbers of ordinary shares held by them;
  - (b) the allotment and issue of equity securities up to 11,764,706 ordinary shares of 1p each in the capital of the Company pursuant to the Placing (as such term is defined and more fully explained in the circular of the Company published on or around 1 May 2007) which is proposed to take place within 6 months of the date of the passing of this resolution; and
  - (c) the allotment (otherwise than pursuant to paragraphs (a) and (b) above) for cash of equity securities up to an aggregate nominal amount of £75,237.

*By order of the Board*

Halliwells Secretaries Limited  
*Company Secretary*

*Registered Office:*

St. James's Court  
Brown Street  
Manchester  
M2 2JF

Dated 1 May 2007

NOTES:

1. Every member who is entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should they wish to do so.
2. To be effective, the form of proxy (together with, if applicable, any power of attorney or other written authority under which the form of proxy is signed, or a certified copy thereof) must be lodged at the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
3. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the time by which a person must be entered on the register of members of the Company in order to have the right to attend or vote at the extraordinary general meeting is at 6.00 p.m. on 22 May 2007. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. The register of directors' interests in the share capital of the Company will be available for inspection during normal business hours on any week day at the registered office of the Company from the date of this notice until the extraordinary general meeting and on the day of the extraordinary general meeting at the place of the meeting from 15 minutes prior to its commencement until its conclusion.

