

**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 4 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 5 December 2006. 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 6,666,667 new Ordinary Shares at 90 pence per share

### Notice of Extraordinary General Meeting

#### Nominated Adviser and Broker:

Corporate Synergy Plc 

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The Placing is conditional, *inter alia*, on Admission taking place at 8.00 a.m. on 5 December 2006 (or such later date as the Company and Corporate Synergy Plc may agree, being not later than 8.00 a.m. 22 December 2006). 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.

Corporate Synergy 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 Corporate Synergy Plc. Corporate Synergy 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.

This document has not been and will not be distributed to the public in Germany. Any offer, sale or distribution of Ordinary Shares may only be made in Germany on the condition that, in compliance with applicable laws and regulations pertaining to a public offering, it shall never be deemed as constituting a public offering in the meaning of section 2 no. 4 German Securities Prospectus Act and shall never trigger the obligation to publish a prospectus.

A copy of this circular will be available for collection, free of charge, from the offices of Corporate Synergy 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 4 December 2006 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 IRG plc, 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 2 December 2006
Extraordinary General Meeting	10.00 a.m. on 4 December 2006
Admission and dealings in Placing Shares to commence on AIM	5 December 2006
CREST accounts to be credited in respect of the Placing Shares to be held in uncertificated form	5 December 2006
Dispatch of definitive share certificates in respect of the Placing Shares to be held in certificated form	12 December 2006

## PLACING STATISTICS

Placing Price	90p
Number of Ordinary Shares in issue prior to the Placing	66,165,049
Number of Placing Shares to be issued pursuant to the Placing	6,666,667
Number of Ordinary Shares in issue following the Placing	72,831,716
Percentage of enlarged issued share capital represented by the Placing Shares	9.15%
Approximate proceeds of the Placing available to the Company (net of expenses)	£5.7 million
Market capitalisation following the Placing at the Placing Price	£65.5 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>Non Executive 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>Corporate Synergy 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 2JU
<b>Registrars:</b>	<b>Capita Registrars</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 Placing 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
“the Company” or “Worthington Nicholls”	Worthington Nicholls Group plc (registered in England and Wales under company number 5697574)
“Circular”	this document dated 10 November 2006, addressed to the Shareholders
“Closing Price”	the closing middle quotation per Existing Ordinary Share as published in the Daily Official List of AIM
“Corporate Synergy”	Corporate Synergy Plc, nominated adviser and broker to the Company (registered in England and Wales under company number 2617599)
“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 4 of this document
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission including the Placing Shares
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 4 December 2006, notice of which is set out at the end of this document
“Existing Ordinary Shares”	the 66,165,049 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
“Ordinary Shares”	the ordinary shares of 1 pence each in the capital of the Company
“Placing”	the conditional placing by Corporate Synergy of the Placing Shares at the Placing Price in accordance with the Placing Agreement
“Placing Agreement”	the conditional agreement dated 10 November 2006 between (1) the Company and (2) Corporate Synergy relating to the Placing
“Placing Price”	90 pence per new Ordinary Share
“Placing Shares”	the 6,666,667 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

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, *Non Executive Director*  
Stephen Thomas Mulligan, *Non Executive Director*

*Registered Office:*

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

10 November 2006

Dear Shareholder

## **Placing of 6,666,667 new Ordinary Shares at 90p per share and Notice of Extraordinary General Meeting**

### **1. Introduction**

The Board of Worthington Nicholls announced today that the Company is proposing to raise £6 million, before expenses, by way of a placing of 6,666,667 new Ordinary Shares at 90p per new Ordinary Share, in order to increase working capital of the Company and provide further funding for identified acquisitions.

The issue price of 90p per new Ordinary Share represents a 5 per cent. discount to the Closing Price of 94.5p per Ordinary Share on 9 November 2006 (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. 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 happy to announce that the Company's financial results for the year ended 30 September 2006 will be in line with market expectations.

This is particularly pleasing considering the significant demands that the AIM admission process put on the management of the business. The fact that the business continued to make progress during this year is a testament to the quality and commitment of everyone within the Group.

The Directors are excited by the current prospects of the Group. The emphasis on the quality of client service has led to a high percentage of reoccurring revenue with existing customers, which means that the quotation register is significantly ahead when compared to the same time last year. In addition to its existing hotel chain customers, the Group is currently in discussions with a further 5 hotel chains which, in aggregate, own in excess of 90 hotels.

### *Acquisitions*

On 26 June 2006 the Company acquired the entire issued share capital of Project Air Limited which prior to completion, acquired the assets of its associated partnership (together referred to as "Project Air"). Project Air is a specialist installer of air conditioning systems to the retail sector. Its customers include well-known high street retailers, such as Phones 4 U, Hamleys, The Bear Factory and TM Lewin.

In the year to 30 April 2006, Project Air reported turnover of approximately £3.5 million generating approximately £0.79 million in post-tax profits.

The Directors have been very pleased with the performance of Project Air for the three months since the acquisition. Project Air has provided a valuable route into the commercial air conditioning market. The results of Project Air are ahead of our expectations although they will not have a material impact on the results of the Company for the year ended 30 September 2006.

The admission of the Company to AIM has seen the profile of the Group increase with customers, potential customers and other companies operating in the air conditioning, ventilation and heating sector. This increased profile has led to a number of companies in the sector approaching the Group with a view to exploring the possibility of joining the Group.

The Directors have been actively assessing these targets, focusing on how they would fit within the Group's current operations and whether acquisition of the targets would enhance earnings of the Shareholders.

In this respect, the Directors are in active discussions with a number of target businesses and are confident that the Company will be able to conclude two acquisitions within this quarter which will meet such requirements. Brief details of these acquisitions are:

- target 'A' ("Target A"), which acts as a building/fit out sub-contractor based in Kent and for the 8 month period to 31 August 2006 had a turnover of approximately £2.7 million. The Group already works closely with Target A and has historically accounted for a large percentage of Target A's turnover; and
- target 'B' ("Target B"), which acts as an electrical sub-contractor based in London and for the year to 31 July 2006 had a turnover of approximately £0.8 million. Target B is a NIC EIC (National Inspection Council for Electrical Installation Contracting) approved contractor. The Directors believe that a successful acquisition of Target B would enable the Group, in the future, to retain a significant proportion of the electrical work that, in the previous financial year, had to be subcontracted outside of the Group.

The Directors anticipate that these acquisitions will positively affect the financial results of the Group and help develop the Group's order book, through access to a wider client base and an increase in the services which the Group can offer to its customers.

#### **4. Reasons for the placing and use of proceeds**

Owing to market demand for the Company's shares and the acquisition opportunities available to the Company, the Directors consider that the Placing is in the best interests of the Group.

The Company raised £6.6 million, after expenses, on admission of the entire issued share capital of the Company to trading on AIM in June 2006. The monies raised by the Group have been used by the Group as follows:

- £3 million for the acquisition of Project Air;
- £1 million to repay the Group's bank facility; and
- £2.6 million towards working capital to fund growth of the Group.

The Directors intend to utilise the net proceeds of the Placing, being approximately £5.7 million, to pursue additional, identified acquisition opportunities and to provide additional working capital to assist further expansion of the Group.

#### **5. Details of The Placing**

The Company is proposing to raise £6 million, before expenses, through a placing arranged by Corporate Synergy of 6,666,667 new Ordinary Shares at 90p per Ordinary Share. Corporate Synergy 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 Corporate Synergy 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 5 December 2006 (or such later date, being not later than 8.00 a.m. on 22 December 2006 as the Company and Corporate Synergy shall agree). The Placing Agreement contains provisions entitling Corporate Synergy to terminate the Placing Agreement at any time prior to Admission in certain limited circumstances.

The Placing Shares will represent approximately 9.15 per cent. of the Enlarged Share Capital at Admission. On Admission the Company will have a market capitalisation of approximately £65.5 million at the Placing Price.

Under the Placing Agreement, the Company has agreed to pay Corporate Synergy 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 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 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 5 December 2006.

## **7. EGM**

You will find set out at the end of this document a notice convening the EGM of the Company to be held at 10.00 a.m. on 4 December 2006 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 £850,000 to £900,000, by the creation of 5,000,000 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 £238,350 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 17.52 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 4 December 2006 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 will be proposed as a special resolution:

### ORDINARY RESOLUTIONS

1. **THAT** the authorised share capital of the Company be increased from £850,000 to £900,000 by the creation of 5,000,000 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 £238,350 (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 6,700,000 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 10 November 2006) 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 £36,400.

*By order of the Board*  
Halliwells Secretaries Limited  
*Company Secretary*

*Registered Office:*  
St. James's Court  
Brown Street  
Manchester  
M2 2JF

Dated 10 November 2006

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 2 December 2006. 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 maintained under section 325 of the Companies Act 1985 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.



