

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Ordinary Shares in THB Group plc, please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent whom the same or transfer was effected for transmission to the purchaser or transferee.

THB Group plc

(Registered in England and Wales with number 1514749)

Subscription for New Ordinary Shares and Convertible Preference Shares

Notice of General Meeting

Increase in authorised share capital

Directors' authority to allot shares and disapply pre-emption rights

Creation of Convertible Preference Shares

Your attention is drawn to the letter from the Chairman of THB Group plc which is set out in Part I of this document and which recommends you to vote in favour of the resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of THB Group plc to be held at the offices of Thompson Heath & Bond Limited at 107 Leadenhall Street, London EC3A 4AF at 10.00 am on 27 October 2008 is set out at the end of this document.

A Form of Proxy for use by Ordinary Shareholders at the General Meeting is enclosed and, to be valid, should be completed, signed and returned to 107 Leadenhall Street, London EC3A 4AF, as soon as possible but in any event so as to be received by Claire Carpenter, Company Secretary, not later than 10.00 am on 24 October 2008.

The following definitions apply throughout this document unless the context requires otherwise:

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| "Accounts" | means the audited annual consolidated accounts of the THB Group for the 18 month period ending 31 October 2008; |
| "Acts " | means the CA 1985 and the CA 2006 in so far as either of those Acts are in force at the date of this document; |
| "Admission" | means admission to trading of the New Ordinary Shares on AIM; |
| "AIM" | means AIM, a market operated by the London Stock Exchange; |
| "A Preference Shares" | means the 2,800,000 8 per cent. 'A' Convertible Redeemable Preference Shares of £1 each in the capital of THB giving the right to convert into Ordinary Shares at an effective conversion price of 70 pence per Ordinary Share; |
| "Board" | means the board of directors of the Company from time to time; |
| "B Preference Shares" | means the 935,000 8 per cent. 'B' Convertible Redeemable Preference Shares in the capital of THB giving the right to convert into Ordinary Shares at an effective conversion price of 80 pence per Ordinary Share; |
| "C Preference Shares" | means the 935,000 8 per cent. 'C' Convertible Redeemable Preference Shares in the capital of THB giving the right to convert into Ordinary Shares at an effective conversion price of 90 pence per Ordinary Share; |
| "CA 1985" | means the Companies Act 1985; |
| "CA 2006" | means the Companies Act 2006; |
| "Company" | means THB Group plc; |
| "Convertible Preference Share Subscription" | means the proposed subscription by the Investors for the Convertible Preference Shares; |
| "Convertible Preference Shares" | means the A Preference Shares, the B Preference Shares, the C Preference Shares and the D Preference Shares; |
| "D Preference Shares" | means the 935,000 8 per cent. 'D' Convertible Redeemable Preference Shares in the capital of THB giving the right to convert into Ordinary Shares at an effective conversion price of 100 pence per Ordinary Share; |

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| "Directors" | means the board of directors of THB (or a duly authorised committee thereof); |
| "Enlarged Share Capital" | means the share capital of the Company after the Ordinary Share Subscription and assuming the full conversion of all of the Convertible Preference Shares; |
| "General Meeting" | means the extraordinary general meeting of THB convened by the Notice for 27 October 2008; |
| "Group" | means the Company and its subsidiaries and associated companies; |
| "Investors" | means Tom Duggan, David Saville and Ian Donald; |
| "London Stock Exchange" | means London Stock Exchange plc; |
| "New Ordinary Shares" | means the 2,750,000 new Ordinary Shares to be issued by THB to the Investors pursuant to the Ordinary Share Subscription; |
| "Notice" | means the notice convening the General Meeting as set out at the end of this document; |
| "Ordinary Share Subscription" | means the proposed subscription by the Investors for the New Ordinary Shares at a subscription price of 70 pence per share; |
| "Ordinary Shares" | means ordinary shares of 10 pence each in the capital of THB; |
| "PWS International Limited" | means PWS International Limited (in administration), renamed Saledove International Limited; |
| "Resolutions" | means the resolutions set out in the Notice; |
| "Subscription Agreement" | means the subscription agreement relating to the Subscription entered into on 2 October 2008 to which each of the Investors, Victor Thompson and the Company are a party; |
| "Subscription" | means the Convertible Preference Share Subscription and the Ordinary Share Subscription; and |
| "THB Group" | means the Company and its subsidiaries. |

THB Group plc

(Registered in England and Wales with number 1514749)

Directors:

Clive Williams (Non-Executive Chairman)
Corinne Hepworth
Nigel Moorhouse
Frank Murphy
John Preston
Victor Thompson
Robert Wilkinson

Registered Office:

Murray House
Murray Road
Orpington
Kent
BR5 3QY

2 October 2008

Dear Shareholder

INTRODUCTION

The Company announced today that agreement had been reached for the Investors to subscribe for 2,750,000 new Ordinary Shares at a price of 70p, representing a premium of 14% over yesterday's closing mid-market price, and £5,605,000 of new Convertible Preference Shares at par. This will raise £7,530,000 for the Company before expenses.

The purpose of this document is to provide you with information on the Subscription and its background and to seek your approval for the Subscription at the General Meeting to be held on 27 October 2008. A summary of the rights attaching to the new Convertible Preference Shares is set out in the Appendix to this document. The Ordinary Shares issued pursuant to the Ordinary Share Subscription shall be subject to the same rights as attach to the existing Ordinary Shares.

BACKGROUND TO AND REASONS FOR THE SUBSCRIPTION

On 24 January 2008, the Company effected a major acquisition of the Lloyd's broking business of PWS International Limited and certain overseas interests of the PWS group. The Board considers that the PWS acquisition is strategically important to the Company's future development and presents a significant opportunity for the Group through access to key growing international markets. Our ability to maximise this opportunity will depend on raising capital to support this growth.

The Board believes that the Subscription provides an attractive form of long term funding particularly given the current financing environment. It is the Board's view that the Company would not have been able to obtain equivalent funds from alternative sources on better terms.

USE OF PROCEEDS

The proceeds of the Subscription will be used to support the expansion of the business and will, in part and in the short term, be applied to pay down existing bank borrowings. The Board anticipates that this expansion will be made through acquisitions of teams and businesses, primarily to strengthen technical and distribution capabilities in its London broking operation and core overseas markets.

TERMS OF THE SUBSCRIPTION

The Ordinary Share Subscription and the Convertible Share Subscription are inter-conditional. The Subscription is expected to take place after the General Meeting on 27 October 2008.

As a result of the Ordinary Share Subscription, together with their existing shareholdings, the Investors would hold a total of 3.37 million Ordinary Shares in the Company, representing 10.5 per cent. of the then issued share capital of the Company. Following the full conversion of the Convertible Preference Shares, the Investors would hold a combined 10.51 million Ordinary Shares in the Company, representing 26.8 per cent. of the Enlarged Share Capital.

The rights attaching to the New Ordinary Shares are the same as those which currently attach to the Ordinary Shares and they shall rank *pari passu* in all respects with the Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after the date of the Subscription Agreement.

Full details of the rights attaching to the Convertible Preference Shares are set out in Resolution 4 at the end of this document. A summary of the principal rights is set out in the Appendix to this document. It is not intended to apply for admission to trading on AIM of the Convertible Preference Shares.

Under the Subscription Agreement the Investors have agreed to invest £7,530,000 in the Company by subscribing for £5,880,000 share capital in the Company comprising the New Ordinary Shares and Convertible Preference Shares. Each of Mr Duggan and Mr Saville has agreed to invest £3,365,000 in the Company by way of subscription for 1,375,000 Ordinary Shares at a subscription price of 70 pence per share; and 1,000,000 A Preference Shares, 467,500 B Preference Shares, 467,500 C Preference Shares and 467,500 D Preference Shares at a subscription price of 100 pence per share. In addition, Mr Donald has agreed to invest £800,000 in the Company by way of subscription for 800,000 A Preference Shares at a subscription price of 100 pence per share.

Pursuant to the Subscription Agreement, each of Mr Thompson, the Company's Chief Executive Officer, and the Company has given certain warranties on a several basis to the Investors relating to the Company and its business. The liability of each of Mr Thompson and the Company under the warranties is limited to £7,530,000. Further, no claim can be brought under the warranties after the expiry of two months from the publication of the Accounts.

The Subscription is conditional upon Admission and the passing of the Resolutions.

The Investors have been advised by West Hill Corporate Finance Limited.

GENERAL MEETING

The Subscription will require an increase in the Company's share capital. Accordingly, it is proposed that the authorised share capital be increased from £5,000,000 to £16,210,000 by the creation of an additional 56,050,000 Ordinary Shares, 2,800,000 A Preference Shares, 935,000 B Preference Shares, 935,000 C Preference Shares and 935,000 D Preference Shares. It is also proposed that the Directors be authorised in accordance with Section 80 of the Companies Act 1985 to allot the Convertible Preference Shares on a non-pre-emptive basis and that the Articles of Association of the Company be amended to create the Convertible Preference Shares.

Accordingly, you will find at the end of this document a notice of General Meeting, convened for 10.00 am on 27 October 2008. The purpose of the General Meeting is to consider and, if thought fit, to pass resolutions to increase the authorised share capital of the Company, amend the Articles of Association to create the Convertible Preference Shares and authorise the Directors to allot shares and disapply the statutory pre-emption rights.

The purpose of Resolutions 1 and 2 is to enable the Company to issue the proposed Convertible Preference Shares and to issue such number of Ordinary Shares as would result from the conversion of the Convertible Preference Shares. The new Ordinary Shares will be allotted to the Investors pursuant to the authority granted to the Directors at the general meeting held on 27 June 2008.

Authority is being sought to issue Convertible Preference Shares up to the full amount of convertible preference share capital that it is proposed to create.

The purpose of Resolution 3 (which is a Special Resolution) is to enable the Company to issue securities pursuant to Resolution 2 wholly for cash as if section 89(1) of the Companies Act 1985 did not apply.

The purpose of Resolution 4 (which is also a Special Resolution) is to amend the Articles of Association of the Company to create the Convertible Preference Shares.

ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders at the General Meeting.

Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy as soon as possible and in any event so as to reach Claire Carpenter, Company Secretary, no later than 10.00 am on 24 October 2008.

Completion and return of the Form of Proxy will not preclude a Shareholder from attending the meeting and voting in person, should he or she wish to do so.

RECOMMENDATION

The Directors consider that the passing of the Resolutions is most likely to promote the success of the Company for the benefit of its members as a whole.

Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting and have irrevocably undertaken to do so in respect of their own existing beneficial holdings of Ordinary Shares which amount, in aggregate, to 7,219,211 Ordinary Shares, representing approximately 24.6 per cent. of the existing ordinary share capital of the Company.

Yours faithfully



Clive Williams
Non-Executive Chairman

APPENDIX

Summary of Convertible Preference Share Rights

The following is a summary of the principal rights that will attach to the Convertible Preference Shares.

Full details of the rights attaching to the Convertible Preference Shares are set out in Resolution 4 in the Notice at the end of this document.

Dividends

A dividend of 8 per cent. per annum will be payable on each of the Convertible Preference Shares. These dividends will be cumulative, accruing on a daily basis, and will be payable half yearly in arrears on 30 April and 31 October (or, in either case, if not a business day, on the next business day) (**fixed dividend date**). The first Convertible Preference Shares dividend will be payable on 30 April 2009 and shall be in respect of the period starting on the day after the allotment of the Convertible Preference Shares and ending on 30 April 2009.

Conversion

Each holder of Convertible Preference Shares shall be entitled at any time to convert any of his Convertible Preference Shares into fully paid Ordinary Shares at the rates set out below (subject to adjustment in accordance with the amended Articles of Association of the Company) (such shares then become **Relevant Shares**). The holder(s) of the Convertible Preference Shares need not convert all of their respective holdings of Convertible Preference Shares at the same time. At least 21 days prior notice of conversion is required to be given to the Company. Alternatively, if the Board determines, conversion will take place on the date on which the Financial Services Authority approves or is time barred from objecting to the holder of the new Ordinary Shares arising on conversion of the Relevant Shares becoming a "controller" (within the meaning of the Financial Services and Markets Act 2000).

- The A Preference Shares will be convertible at a conversion rate of 142.86 Ordinary Shares for every £100 nominal A Preference share capital.
- The B Preference Shares will be convertible at a conversion rate of 125 Ordinary Shares for every £100 nominal B Preference share capital.
- The C Preference Shares will be convertible at a conversion rate of 111.11 Ordinary Shares for every £100 nominal C Preference share capital.
- The D Preference Shares will be convertible at a conversion rate of 1 Ordinary Shares for every £1 nominal D Preference share capital.

If 90 per cent. or more of any class of the Convertible Preference Shares have been converted, the Board may, on giving notice, compulsorily convert the remaining Convertible Preference Shares of that class.

Ordinary Shares issued on conversion will rank for an appropriate proportion of dividends declared on the Ordinary Shares in respect of the financial year in which they are converted.

Dividends on Convertible Preference Shares which are converted will cease to accrue on the fixed dividend date preceding the relevant conversion date.

Redemption

Subject to the Acts, the Company shall redeem any of the Convertible Preference Shares that have not been converted on the following dates:

- A Preference Shares: redeemable on 31 October 2018
- B Preference Shares: redeemable on 31 October 2017
- C Preference Shares: redeemable on 31 October 2016
- D Preference Shares: redeemable on 31 October 2015

The redemption price will be the nominal amount paid up on the Convertible Preference Shares of that class together with any accrued and unpaid dividend at the redemption date.

Capital

On a return of capital, each holder of a Convertible Preference Share will be entitled to receive all arrears and accrual of dividend together and £1 per Convertible Preference Share in preference to the holders of Ordinary Shares.

Ranking

The Convertible Preference Shares will rank in priority to the Ordinary Shares in respect of both income and capital.

No further issues of convertible securities which will rank in priority to the Convertible Preference Shares shall be made by the Company although the Company may make further issues of convertible preference shares ranking equally with the Convertible Preference Shares.

Admission

The Convertible Preference Shares will not be admitted to trading on AIM. The Company shall use reasonable endeavours to ensure that new Ordinary Shares arising on conversion of the Convertible Preference Shares will be admitted to trading on AIM.

Voting

The Convertible Preference Shares will not carry any rights to vote at general meetings of the Company unless the dividend payable on the relevant class of shares is more than six months in arrears. In that event, the Convertible Preference Shares will have voting rights equivalent to the number of Ordinary Shares into which they could have been converted. In addition, the Convertible Preference Shares will carry voting rights if a resolution for the winding up of the Company is proposed or a resolution is proposed that would directly or adversely vary the special rights attaching to that class of Convertible Preference Shares; in which case the Convertible Preference Shareholder shall be entitled to vote on that resolution only.

Transferability

The Convertible Preference Shares shall be freely transferable in accordance with the Articles of Association of the Company.

THB Group plc

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Thompson Heath & Bond Limited at 107 Leadenhall Street, London EC3A 4AF on 27 October 2008 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions which resolutions no. 1 and 2 will be proposed as ordinary resolutions and resolutions no. 3 and 4 will be proposed as special resolutions:

ORDINARY RESOLUTIONS

- 1 THAT the authorised share capital of the Company be and it is hereby increased from £5,000,000 to £16,210,000 by the creation of an additional 56,050,000 Ordinary Shares of 10 pence each, 2,800,000 8 per cent 'A' Convertible Redeemable Preference Shares of £1 each, 935,000 8 per cent 'B' Convertible Redeemable Preference Shares of £1 each; 935,000 8 per cent 'C' Convertible Redeemable Preference Shares of £1 each and 935,000 8 per cent 'D' Convertible Redeemable Preference Shares of £1 each, such shares to have the rights and be subject to the restrictions set out in the Company's Articles of Association as amended by resolution 4.
- 2 THAT, subject to passing resolution 1 above, the directors of the Company be and they are hereby authorised generally and unconditionally pursuant to and in accordance with section 80 of the Companies Act 1985 (**Act**) to exercise all the 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:
 - (a) £5,605,000 for the purposes of issuing the Convertible Preference Shares (as defined in the circular to the shareholders of the Company dated 2 October 2008 which accompanied the Notice of this Meeting (**the Circular**)); and
 - (b) £5,605,000 for the purposes of issuing Ordinary Shares in connection with the conversion of the Convertible Preference Shares,

provided that:

- (i) this authority shall expire on the fifth anniversary of the date of passing this resolution; and
- (ii) the Company may pursuant to this authority make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted (including without limitation any Ordinary Shares (having a maximum nominal value of £5,605,000) which might be allotted upon conversion of the Convertible Preference Shares) after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired,

and the authority conferred by this resolution shall be without prejudice to the authority conferred upon the directors pursuant to

section 80 of the Act by resolution 1 passed at the general meeting of the Company held on 27 June 2008.

SPECIAL RESOLUTIONS

3 THAT, subject to the passing of resolution 2 above (**Resolution**), the directors of the Company be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (**Act**) to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred by the Resolution as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of:

- (a) the Convertible Preference Shares (as defined in the circular to shareholders of the Company dated 2 October 2008 which accompanied the Notice of this Meeting (**the Circular**)); and
- (b) any Ordinary Shares for the purposes of enabling the Convertible Preference Shares to be redeemed out of distributable profits or the proceeds of a fresh issue so as to give effect to the conversion rights attaching to the Convertible Preference Shares.

and shall expire on the fifth anniversary of the date of passing this resolution save that the Company may, before the expiry of such power, make offers or agreements which would or might require equity securities (including, without limitation, any Ordinary Shares which might be allotted upon conversion of the Convertible Preference Shares) to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired and the power conferred by this resolution shall be without prejudice to the power conferred on the directors pursuant to section 95 of the Act by resolution 2 passed at the general meeting of the Company held on 27 June 2008.

4 THAT, subject to the passing of resolutions 1 to 3 (inclusive) above, the Articles of Association of the Company be and they are hereby altered by:

- (a) Inserting the following new definitions, alphabetically, in Article 1.1:

Accounts: the audited consolidated accounts of the Company and its subsidiaries together with the notes thereto and the directors' report thereon in respect of the relevant accounting period;

AIM: AIM, a market operated by the Stock Exchange;

A Preference Shares: 2,800,000 'A' Convertible Redeemable Preference Shares of £1 each in the capital of the Company giving the right to convert into Ordinary Shares at a conversion rate of 142.86 Ordinary Shares for every £100 nominal of 'A' Convertible Preference Share capital and otherwise on the terms set out in Article 3 ;

B Preference Shares: 935,000 'B' Convertible Redeemable Preference Shares of £1 each in the capital of the Company giving the right to convert into Ordinary Shares at a conversion rate of 125 Ordinary Shares for every £100 nominal of 'B' Convertible Preference Share capital and otherwise on the terms set out in Article 3;

Business Day: a day other than a Saturday, Sunday or public holiday in England;

Convertible Preference Shares: the A Preference Shares, the B Preference Shares, the C Preference Shares and/or the D Preference Shares;

C Preference Shares: 935,000 'C' Convertible Redeemable Preference Shares of £1 each in the Capital of the Company giving the right to convert into Ordinary Shares at a conversion rate of 111.11 Ordinary Shares for every £100 nominal of 'C' Convertible Preference Share capital and otherwise on the terms set out in Article 3;

D Preference Shares: 935,000 'D' Convertible Redeemable Preference Shares of £1 each in the capital of the Company giving the right to convert into Ordinary Shares at a conversion rate of 1 Ordinary Share for every £1 nominal of 'D' Convertible Preference Share capital and otherwise on the terms set out in Article 3;

- (b) the deletion of the existing Article 3 and the insertion of the following new Article 3:

"3 (a) The Company's authorised share capital is £16,210,000 divided into 106,050,000 ordinary shares of 10p each (**Ordinary Shares**) and 2,800,000 A Preference Shares; 935,000; B Preference Shares; 935,000 C Preference Shares; and 935,000 D Preference Shares.

The A Preference Shares, the B Preference Shares, the C Preference Shares and the D Preference Shares shall be separate classes of shares and shall, subject to the respective conversion rights set out in paragraph 3(b)(iii) below, carry the same rights and be subject to the same restrictions set out in these Articles and shall rank pari passu in all respects.

- (b) The rights and restrictions attaching to the Convertible Preference Shares are as follows:

(i) **Income**

- (A) Subject to paragraph 3(b)(iii)(M) below the holders of the Convertible Preference Shares shall have the right to be paid out of profits of the Company for the time being available for distribution and resolved to be distributed in respect of each financial year or other accounting reference period of the Company a fixed cumulative preferential dividend at the rate of 8 per cent. per annum (excluding the amount of any associated tax credit) on the nominal amount for the time being paid up on such Convertible Preference Shares in priority to any payment of dividend to the holders of any other class of shares for the time being in issue (the **preferential dividend**).
- (B) The preferential dividend shall accrue on a daily basis and shall be payable half yearly in arrears in two equal instalments on 30 April and 31 October (or, in either case,

if not a business day, on the next business day, (each a **fixed dividend date**) in respect of the six-month periods ending on those dates (except that the first preferential dividend shall be payable on 30 April 2009 in respect of the period starting on the day after the date of allotment of the Convertible Preference Shares and ending on 30 April 2009 (both dates inclusive), calculated on a daily basis).

- (C) The Convertible Preference Shares do not confer any further or other right to participate in the profits of the Company.

(ii) **Capital**

- (A) Subject to paragraph 3(b)(iii)(M) below, on a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares) the assets of the Company available for distribution among the members shall be applied, subject to any provision made under section 719 of the Act, in repaying to the holder of each Convertible Preference Share the following amounts, in priority to a repayment to the holders of any other class of share:

- (1) the amount of all arrears and accruals (if any) of the preferential dividend relating to the Convertible Preference Share, to be calculated down to and including the date of commencement of the winding up (in the case of a winding up) or of the return of capital (in another case), to be payable whether or not the preferential dividend has been declared or earned; and
- (2) the nominal amount of the Convertible Preference Share.

- (B) The Convertible Preference Shares do not confer any further or other right to participate in the assets of the Company.

(iii) **Conversion**

- (A) *Conversion Rate*

Each holder of Convertible Preference Shares shall be entitled at any time and in the manner set out in (and subject to the provisions of) this paragraph 3(b)(iii) to convert all or any of his Convertible Preference Shares (of the relevant class) into fully paid Ordinary Shares at the rates, (subject to adjustment in accordance with paragraph 3(b)(iii)(L) below), such rate as adjusted from time to time as provided in these Articles being herein called the **Conversion Rate**, set out below:

- (1) the Conversion Rate for a holder of A Preference Shares shall be 142.86 Ordinary Shares for every £100 nominal of A Convertible Preference Share capital so converted and so in proportion for any

greater or lesser nominal amount of A Preference Share capital;

- (2) the Conversion Rate for a holder of B Preference Shares shall be 125 Ordinary Shares for every £100 nominal of B Preference Share capital so converted and so in proportion for any greater or lesser nominal amount of B Preference Share capital;
- (3) the Conversion Rate for a holder of C Preference Shares shall be 111.11 Ordinary Shares for every £100 nominal of C Preference Share capital so converted and so in proportion for any greater or lesser nominal amount of C Preference Share capital; and
- (4) the Conversion Rate for a holder of D Preference Shares shall be 1 Ordinary Share for each £1 nominal of D Preference Share capital so converted and so in proportion for any greater nominal amount of D Preference Share capital.

Provided that if a conversion notice (as defined in paragraph 3(b)(iii)(C) below) is given in respect of part only of a holding of Convertible Preference Shares so that there would following the conversion remain a number of Convertible Preference Shares in that holding smaller than that required to convert into Ordinary Shares at the Conversion Rate than applicable, all the Convertible Preference Shares in that holding shall be converted notwithstanding the figure inserted in the conversion notice.

(B) *Conversion Date*

In this paragraph 3(b)(iii)(B), a **conversion date** shall be any date (after the allotment and issue of the Convertible Preference Shares) specified by a holder of Convertible Preference Shares as the date of conversion of the relevant Convertible Preference Shares in a conversion notice (as defined in paragraph 3(b)(iii)(C) below or, if the Board determines, the date on which either (a) the FSA gives notice in writing in accordance with section 184 of FSMA that it approves or has no objection to the holder of the new Ordinary Shares (as defined in paragraph 3(b)(iii)(I) below) arising on conversion acquiring control (within the meaning of FSMA) of the Company and/or any of its regulated subsidiaries, or (b) in the absence of such notice, the period within which the FSA may serve a notice of objection pursuant to section 186 of FSMA having elapsed without the FSA having served such notice of objection on the holder of the new Ordinary Shares (as defined in paragraph 3(b)(iii)(I) below) arising on conversion but if either of such dates is not a Business Day, then the conversion date will be the next Business Day after the relevant date.

(C) *Conversion Notice*

The right to convert Convertible Preference Shares shall be exercised by completing the notice of conversion on the back of the certificate for the Convertible Preference Shares to be converted, or by a notice in such other form as is prescribed by the Board (a **conversion notice**) and by delivering the certificate (if applicable) and the conversion notice to the Secretary of the Company (or such other person as it may require) at least 21 days prior to the conversion date specified in such notice with any evidence the Board may require to prove the title of the person exercising the right to convert and such other evidence as is required by the Board to demonstrate that: either (a) the FSA has given notice in writing in accordance with section 184 of FSMA that it approves or has no objection to the holder of the new Ordinary Shares (as defined in paragraph 3(b)(iii)(I) below) arising on conversion acquiring control (within the meaning of FSMA) of the Company and/or any of its regulated subsidiaries, or (b) in the absence of such notice, the period within which the FSA may serve a notice of objection pursuant to section 186 of FSMA having elapsed without the FSA having served such notice of objection on the holder of the new Ordinary Shares (as defined in paragraph 3(b)(iii)(I) below) arising on conversion. A conversion notice, once given, may not be withdrawn without the Company's written consent.

(D) *Conversion: General*

Conversion of any Convertible Preference Shares (of any class) as are due to be converted as aforesaid on any conversion date (such shares being called **Relevant Shares**) shall be effected in such manner as the Board may in its absolute discretion determine and as the law may allow and in particular but without prejudice to the generality of the foregoing may be effected in accordance with the following provisions of this Article 3.

(E) *Conversion by Redemption*

Without prejudice to paragraph 3(b)(iii)(D) above, the Board may elect to effect conversion of the Relevant Shares by redeeming them on the relevant conversion date at par either out of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose provided that the Directors shall have first obtained all requisite authorities for the purpose of enabling them to allot the shares which will be allocated pursuant to this paragraph 3(b)(iii)(E) and/or to grant rights to subscribe therefor.

The Directors may elect to redeem at par the Relevant Shares (or any of them) on any conversion date out of the profits of the Company which would otherwise be

available for distribution to the holders of any class of shares. The Convertible Preference Shares shall confer upon the holders thereof the right and the obligation (in the event that the Convertible Preference Shares held by them respectively become Relevant Shares and the Directors determine to redeem the same at par out of profits as aforesaid) to subscribe for the appropriate number of fully paid Ordinary Shares at the applicable Conversion Rate at such premium (if any) as shall represent the amount by which the redemption moneys exceed the nominal amount of the Ordinary Shares to which the holders are so entitled. In any such case, the conversion notice given by a holder of Relevant Shares shall be deemed irrevocably to authorise and instruct the Directors to apply the redemption moneys payable to him in subscribing for such Ordinary Shares at such premium (if any) as aforesaid.

The Directors may elect to redeem at par the Relevant Shares (or any of them) on any conversion date out of the proceeds of a fresh issue of shares made for that purpose. The Convertible Preference Shares shall confer upon the holders thereof the right and the obligation (in the event that the Convertible Preference Shares held by them respectively become Relevant Shares and the Directors determine to redeem the same at par out of the proceeds of a fresh issue as aforesaid) to subscribe, and each holder shall be deemed irrevocably to authorise and instruct the Secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on the holder's behalf, for the appropriate number of Ordinary Shares (which authority shall include the right to borrow money but not on terms that a holder shall be liable therefor except to the extent of, and so as to be repayable only out of, the redemption moneys referred to below in this paragraph) at the applicable Conversion Rate at such premium (if any) as shall represent the amount by which the redemption moneys exceed the nominal amount of the Ordinary Shares to which the holder is so entitled. In any such case, the conversion notice given by a holder of Relevant Shares shall be deemed irrevocably to authorise and instruct the Directors to apply the redemption moneys payable to him in payment to him or his said agent or in repaying any moneys borrowed as aforesaid.

(F) *Conversion by Consolidation and Sub-division*

Without prejudice to paragraph 3(b)(iii)(D) above, the Board may elect to effect conversion by means of consolidation and sub-division. In such case the requisite consolidation and subdivision shall be effected pursuant to the authority given by the passing of the resolution to create the Convertible Preference Shares by consolidating into one share all Relevant Shares at any conversion date held by a holder or joint holders and sub-dividing the

consolidated share into shares of 10p each (or such other nominal amount as may be appropriate as a result of any other consolidation or sub-division of Ordinary Shares) of which:

(1) in the case of Relevant Shares which are A Preference Shares:

(a) 142.86 shall be Ordinary Shares for every £100 nominal A Preference Share capital consolidated into the consolidated share (or such other number of shares as may be appropriate as a result of an adjustment to the Conversion Rate) and so in proportion for any greater or lesser nominal amount of A Preference Share capital so consolidated (fractional entitlements being disregarded); and

(b) the balance of such shares (including fractions) shall be non voting deferred shares of such nominal value as the Directors determine (**non voting deferred shares**) having the rights set out in paragraph 3(b)(iii)(G) below.

(2) in the case of Relevant Shares which are B Preference Shares:

(a) 125 shall be Ordinary Shares for every £100 B Preference Share capital consolidated into the consolidated share (or such other number of shares as may be appropriate as a result of an adjustment to the conversion rate) and so in proportion for any greater or lesser nominal amount of B Preference Share capital so consolidated (fractional entitlements being disregarded); and

(b) the balance of such shares (including fractions) shall be non voting deferred shares of such nominal value as the Directors determine having the rights set out in paragraph 3(b)(iii)(G) below.

(3) in the case of Relevant Shares which are C Preference Shares:

(a) 111.11 shall be Ordinary Shares for every £100 nominal C Preference Share capital consolidated into the consolidated share (or such other number of shares as may be appropriate as a result of an adjustment to the conversion rate) and so in proportion for any greater or lesser nominal amount of C Preference Share capital so consolidated

(fractional entitlements being disregarded);
and

- (b) the balance of such shares (including fractions) shall be non voting deferred shares of such nominal value as the Directors determine having the rights set out in paragraph 3(b)(iii)(G) below.
- (4) in the case of Relevant Shares which are D Preference Shares:
- (a) one share shall be an Ordinary Share for every £1 nominal of D Preference Share capital consolidated into the consolidated share (or such other number of shares as may be appropriate as a result of an adjustment to the Conversion Rate) and so in proportion for any greater nominal amount of D Preference Share capital so consolidated (fractional entitlements being disregarded); and
 - (b) the balance of such shares (including fractions) shall be non voting deferred shares of such nominal value as the Directors determine having the rights set out in paragraph 3(b)(iii)(G) below.

The consolidation, reclassification and sub-division shall be effected so that each holder of Relevant Shares whose shares are consolidated and sub-divided shall as a result thereof hold such whole number of Ordinary Shares as shall be equal to the number of Ordinary Shares to which he was entitled on conversion of his Relevant Shares. If he becomes entitled to a fraction of an Ordinary Share, the Directors shall on his behalf aggregate such fractions with any other fractions arising as a result of the same consolidation and sub-division and sell the whole Ordinary Shares representing fractions. The provisions of paragraph 3(b)(iii)(H) below shall apply mutatis mutandis. If any fractions of an Ordinary Share would remain notwithstanding such aggregation, the same shall be sub-divided into the appropriate number of non-voting deferred shares of such nominal value as the Directors determine having the rights set out in paragraph 3(b)(iii)(G) below and the Directors shall have full power to determine as they think fit the holding to which such fractions relate.

(G) *Non-voting deferred shares*

The non-voting deferred shares confer the right on a return of capital on a winding up or otherwise only to the repayment of the amounts paid up on the non-voting deferred shares after repayment of the capital paid up on the Ordinary Shares and the payment of a further amount of £1,000,000 in respect of each ordinary share. The non-voting deferred shares do not confer the right to be paid a

dividend or to receive notice of or to attend or vote at a general meeting. Conversion of a Convertible Preference Share is deemed to confer irrevocable authority on the Board at any time after conversion:

- (1) to appoint a person to execute on behalf of each holder of non-voting deferred shares an instrument of transfer for or an agreement to transfer (or both) all or some of the non-voting deferred shares, without making a payment to the holder, to such person as the Board, may decide, as custodian; and
- (2) to purchase all or some of the non-voting deferred shares (subject to the provisions of the Acts) for a price of 1p for all the non-voting deferred shares purchased, without obtaining the sanction of the holder.

Pending the transfer or purchase the Company may retain the certificates for the non-voting deferred shares. The Company may at its option (exercisable by resolution of the Board) at any time redeem all or any of the non-voting deferred shares then in issue for 1p for all the non-voting deferred shares redeemed on giving each holder not less than four weeks' prior notice, stating a time and place for redemption. Redemption shall then be effected in accordance with the relevant provisions of paragraph 3(b)(v).

(H) *Fractional Entitlements*

- (1) Any fractions of Ordinary Shares arising on conversion shall not be allotted to the holders of the Relevant Shares otherwise entitled thereto. The Board may on behalf of such holders of Relevant Shares make such arrangements (if any such arrangements can be made) to deal with the fractions as it thinks fit. In particular, the Board may aggregate and sell the fractions to a person (including, subject to the provisions of the Act, the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportions among such holders of Relevant Shares unless in respect of any holding of Relevant Shares the amount otherwise to be distributed would be less than £5 (or such other amount as the Board may decide) in which case such amount shall not be so distributed but shall be retained for the benefit of the Company.
- (2) For the purpose of implementing the provisions of this paragraph 3(b)(iii)(H), the Directors may appoint some person to execute an instrument of transfer or form of renunciation on behalf of the persons otherwise entitled to any such fractions and generally make all arrangements which appear to

the Directors necessary or appropriate for the settlement and disposal of fractional entitlements.

(I) *Preferential Dividend*

The preferential dividend is not payable on Convertible Preference Shares in respect of which a conversion notice has been given for the period from the fixed dividend date preceding the relevant conversion date but the holder shall be entitled to all arrears of the preferential dividend accrued to that date. The Ordinary Shares to which a holder of Convertible Preference Shares is entitled on exercising his rights to convert (**new Ordinary Shares**):

- (1) shall be credited as fully paid;
- (2) shall rank pari passu in all respects and form one class with the Ordinary Shares then in issue; and
- (3) shall entitle the holder to be paid an appropriate proportion of all dividends and (unless adjustment of the Conversion Rate has been made in respect of the distribution under paragraph 3(b)(iii)(K) below) other distributions declared, made or paid on Ordinary Shares in respect of the financial year or other accounting reference period of the Company in which the relevant conversion date falls, but not in respect of any financial year or other accounting reference period of the Company ended prior to the applicable conversion date.

(J) *Allotment of Ordinary Shares*

The allotment of the new Ordinary Shares arising on conversion shall be made within 14 days of the relevant conversion date.

Unless the Board otherwise decides, Convertible Preference Shares shall be converted into new Ordinary Shares in certificated form.

A certificate for the new Ordinary Shares shall be sent by first class post at the risk of the holder within four weeks of the relevant conversion date or, if later, the date referred to in paragraph (b) above to each holder without charge, with a new certificate for any balance of unconverted Convertible Preference Shares comprised in the surrendered certificate and, if appropriate, a cheque in respect of a fractional entitlement. In the meantime transfers of new Ordinary Shares shall be certified against the register.

(K) *Compulsory Conversion*

If, immediately after a conversion date 90 per cent. or more of any class of the Convertible Preference Shares (including any further Convertible Preference Shares as defined in paragraph 3(b)(vii)) at any time issued shall

have been converted, the Company shall be entitled (but shall not be required) by not less than four nor more than six weeks' notice, stating the applicable Conversion Rate, to treat all holders of the Convertible Preference Shares of the relevant class which have not been converted (and which remain capable of conversion) as having exercised their right to convert on the date on which the Company's notice expires, all Convertible Preference Shares (of the relevant class) then held by them on the basis of the applicable Conversion Rate(s) stated in the notice. The provisions of this paragraph (K) apply as if the date on which the Company's notice expires were the conversion date provided that the Directors shall be permitted to extend such date to such date as is necessary for either (a) the FSA to give notice in writing in accordance with section 184 of FSMA that it approves or has no objection to one or more of the holder(s) of any new Ordinary Shares arising on such conversion acquiring control (within the meaning of FSMA) of the Company and/or any of its regulated subsidiaries, or (b) in the absence of such notice, the period within which the FSA may serve a notice of objection pursuant to section 186 of FSMA having elapsed without the FSA having served such notice of objection on one or more of the holder(s) of any new Ordinary Shares arising on such conversion and all Convertible Preference Shares in existence on that date were Relevant Shares. No preferential dividend is payable once the Company has given notice in accordance with this paragraph (K).

(L) *Adjustments to the Conversion Rate*

The Conversion Rate applicable to each class of Convertible Preference Share shall from time to time be adjusted in accordance with the following provisions of this paragraph 3(b)(iii)(L).

- (1) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, the Ordinary Shares shall be consolidated or sub-divided, then the number of Ordinary Shares to be issued on any subsequent conversion of any class of Convertible Preference Shares and accordingly the applicable Conversion Rate shall be reduced or increased pro rata accordingly, such reduction or increase to be become effective immediately after the consolidation or sub-division.
- (2) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, the Company shall make any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of Ordinary Shares, then the number of Ordinary Shares to be issued on any subsequent conversion of any class

of Convertible Preference Shares on a conversion date which is after the record date of that allotment shall be increased and accordingly the applicable Conversion Rate shall be increased pro rata, such increase to become effective immediately after the record data for such issue. No increase in the applicable Conversion Rate is to be made when Ordinary Shares are allotted by way of capitalisation of profits or reserves at the election of a holder of Ordinary Shares instead of all or part of a cash dividend.

(3) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, new Ordinary Shares for which admission to trading on AIM is granted (**rights shares**) are offered by the Company by way of rights to the holders of Ordinary Shares (**an offer by way of rights**), the Company has the option, on the making of such offer (exercisable by resolution of the Board) to:

- (a) make a similar offer to each holder of Convertible Preference Shares, as if his Conversion Rights had been exercisable and fully exercised on a conversion date which is immediately before the record date for the offer by way of rights at the Conversion Rate applicable at that conversion date; or
- (b) adjust the conversion rate so that the nominal amount of Ordinary Shares to be issued for every £100 in nominal amount of any class of Convertible Preference Shares (and so in proportion for any greater or lesser nominal amount) is increased by an amount equal to:

$$\frac{A \times C}{B + C}$$

where:

- (aa) **A** = the nominal amount of the rights shares (including a fraction of a rights share) which would have been offered to a holder of Convertible Preference Shares had his Conversion Rights been exercisable and fully exercised on a conversion date which is immediately before the record date of the offer by way of rights at the Conversion Rate applicable at that conversion date;
- (bb) **B** = the price per share at which the rights shares **are** being offered to the holders of the Ordinary Shares; and
- (cc) **C** = the average of the middle-market quotations (**derived** from the AIM Appendix to

the Daily Official List of the London Stock Exchange) for the rights shares, nil paid, during the first five trading days of the period in which the rights shares, are dealt in on AIM, nil paid.

- (4) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, the Company shall make any Capital Distribution to the holders of Ordinary Shares, then the number of Ordinary Shares to be issued for every £100 in nominal amount of any class of Convertible Preference Share capital subsequently converted (and so in proportion for any greater or lesser nominal amount of Convertible Preference Share capital) shall at the option of the Company either: (a) be increased by an amount determined to be appropriate by the Auditors whose certificate shall be conclusive and binding on all concerned; or (b) the holders of Convertible Preference Shares shall be entitled to participate in such Capital Distribution as if all outstanding Convertible Preference Shares were deemed to have been converted into Ordinary Shares immediately prior to the making of such Capital Distribution at the Conversion Rate then applicable. The provisions of this paragraph 3(b)(iii)(L)(4) shall not apply to any offer which falls within paragraphs 3(b)(iii)(L)(3) or 3(b)(iii)(L)(5).
- (5) If, while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, an offer (not being an offer falling within paragraphs 3(b)(iii)(L)(3) and 3(b)(iii)(L)(4)) is made or an invitation is extended to the holders of Ordinary Shares, the Company shall make or extend or, so far as it is able, ensure that there is made or extended at the same time a similar offer or invitation to each holder of Convertible Preference Shares, as if his conversion rights had been exercisable and fully exercised on a conversion date which is immediately before the record date for the offer or invitation at the conversion rate applicable at that conversion date.
- (6) If a doubt or dispute arises concerning an adjustment of the Conversion Rate in accordance with this paragraph 3(b)(iii)(L) the Board shall refer the matter to the Auditors and their certificate as to the amount of the adjustment is conclusive and binding on all concerned.

(M) *Liquidation*

If while any Convertible Preference Shares remain capable of conversion into Ordinary Shares and either (a) a resolution for voluntary winding up of the Company is

passed or (b) a winding-up order is made by the court in relation to the Company, the Company shall immediately give notice to all holders of Convertible Preference Shares. Each holder may then in respect of all or some of his Convertible Preference Shares within six weeks after the date of the resolution for voluntary winding up the Company or the date of the winding-up order, as the case may be, (in either case, the **operative date**) elect to be treated as if he had exercised his right to convert by giving a conversion notice to the Company, as if the operative date were the relevant conversion date. The holder is then entitled to be paid, in satisfaction of the amount due in respect of his Convertible Preference Shares to be treated as converted, an amount equal to the amount to which he would be entitled on a return of capital on a winding up if he had been the holder of the Ordinary Shares to which he would become entitled by conversion (ignoring fractions). Such a holder is not entitled to be paid any accruals of the preferential dividend on the Convertible Preference Shares to be treated as converted, whether or not the preferential dividend has been declared or earned. At the expiry of the six-week period, all rights to convert Convertible Preference Shares cease.

(iv) **Attendance at general meetings and voting**

(A) The holders of the Convertible Preference Shares shall be entitled, by virtue of and in respect of their holdings of Convertible Preference Shares to receive notice of and to attend any general meeting of the Company but shall not be entitled to speak or vote at a general meeting unless:

(1) at the date of the notice convening the meeting at least six months have elapsed after a fixed dividend date and the Preferential Dividend payable on that fixed dividend date has not been paid and for this purpose a dividend is deemed payable on the relevant fixed dividend date whether or not declared; or

(2) the business of the meeting includes consideration of a resolution to wind up the Company or directly or adversely varying any of the special rights attached to the Convertible Preference Shares,

in which case, if a holder is entitled to attend and vote as a result of (1), he may vote in respect of any resolution considered at the meeting and, if a holder is entitled to attend and vote as a result of (2), he may vote only in respect of a resolution referred to in (2) only.

(B) On a show of hands each holder present in person or by proxy or (being a corporation) by a representative has one vote. On a poll each holder present in person or by proxy or (being a corporation) by a representative, is entitled to exercise the number of votes which he would have been

entitled to exercise if all the Convertible Preference Shares held by him had been converted into Ordinary Shares immediately before the holding of the general meeting at the Conversion Rate then applicable.

(v) **Redemption**

- (A) Subject to the provisions of the Act, the Company shall redeem all of each class of Convertible Preference Shares (if any) then in issue on the following dates:

| | |
|---------------------|-----------------|
| A Preference Shares | 31 October 2018 |
| B Preference Shares | 31 October 2017 |
| C Preference Shares | 31 October 2016 |
| D Preference Shares | 31 October 2015 |

each date, in relation to the relevant class of Convertible Preference Shares, being the **Redemption Date**.

- (B) The amount payable on redemption of the Convertible Preference Shares (of the relevant class) on the Redemption Date shall be an amount equal to:

- (1) the nominal amount paid up on the Convertible Preference Shares of that class; and
- (2) any accrued but unpaid Preferential Dividend on the Convertible Preference Shares of that class, to be calculated up to and including the Redemption Date and to be payable whether or not such dividend has been declared or earned or has become due and payable.

- (C) On the Redemption Date each holder whose class of Convertible Preference Shares are to be redeemed shall deliver to the Company at its registered office for the time being the certificate (or certificates) for those shares. On receipt, the Company shall pay to the holder (or, in the case of joint holders, to the holder whose name stands first in the register in respect of those Convertible Preference Shares) the redemption moneys, due to him. The redemption moneys shall be paid to the holder (by cheque despatched at the holder's risk) within five Business Days of receipt of the certificate (or certificates) or an indemnity in respect of the certificate (or certificates) in a form satisfactory to the Board.

- (D) All Convertible Preference Shares redeemed as aforesaid shall be cancelled.

- (E) If a holder whose class of Convertible Preference Shares are to be redeemed under this paragraph 3(b)(v) fails to comply with his obligations under paragraph (C) above, the Company may retain the redemption moneys but shall within seven days of compliance with such obligations

shall pay the redemption moneys to the holder. No person has a claim against the Company for interest on retained redemption moneys.

- (F) As from the Redemption Date, the preferential dividend shall cease to accrue unless, on due presentation of the certificate or certificates relating to the Convertible Preference Shares (of the relevant class) to be redeemed, the Company fails to make payment of the monies due on such redemption, in which case the Preferential Dividend payable on such Convertible Preference Shares shall continue to accrue and be payable from the Redemption Date up to and including the date of actual payment.
- (G) The receipt by the registered holder for the time being of any class of Convertible Preference Shares or, in the case of joint registered holders, the receipt by any one of them, of the moneys payable on redemption of such shares shall constitute an absolute discharge to the Company in respect thereof.
- (H) If the Company is unable to redeem in accordance with the Act all of the Convertible Preference Shares of the relevant class to be redeemed pursuant to this paragraph 3(b)(v), the Company shall redeem such whole number of Convertible Preference Shares of that class, if any, as it is then able to redeem in accordance with the Act and shall so redeem the balance as soon as it is able to do, in which event the Preferential Dividend payable on such Convertible Preference Shares (of the relevant class) shall continue to accrue and be payable until the date on which such Convertible Preference Shares are redeemed and the Company pays the redemption moneys to the holder of such Convertible Preference Shares.
- (I) Unless all the Convertible Preference Shares of the relevant class are to be redeemed, the redemption of the Convertible Preference Shares of that class shall be pro rata, as nearly as may be, to the number of such Convertible Preference Shares held by the holders of such Convertible Preference Shares.
- (J) The Board may, pursuant to the authority given by the adoption of this article, consolidate and sub-divide the share capital available for issue as a consequence of a redemption of any class of Convertible Preference Shares pursuant to paragraph 3(b)(iii) or 3(b)(v) into Ordinary Shares or any other class of share into which the authorised share capital of the Company is at the time divided, each of a like nominal amount as the shares of that class then in issue, or into unclassified shares of the same nominal amount as the Convertible Preference Shares. The Board may issue shares in anticipation of redemption to the extent permitted by the Act and the Articles.

(vi) **Purchase**

Subject to the provisions of the Act, the Company may at any time purchase Convertible Preference Shares of any class either:

- (A) in the market;
- (B) by tender (available alike to all holders of the Convertible Preference Shares of the relevant class then in issue); or
- (C) by private treaty,

in each case, the price (exclusive of expenses but inclusive of accruals of the Preferential Dividend) shall not exceed:

- (A) if the relevant class of Convertible Preference Shares are then listed on the Official List of the UK Listing Authority or traded on AIM, the average of the middle market quotations therefor (as derived from the Daily Official List of the Stock Exchange (or the AIM Appendix thereto)) during the period of 10 Business Days immediately preceding the date of such purchase or, in the case of a purchase on the Stock Exchange, at the market price thereof, provided that such market price shall not be more than 105 per cent of such average; or
- (B) if the relevant class of Convertible Preference Shares are not listed on the Official List of the UK Listing Authority or traded on AIM 110 per cent of the nominal amount of a Convertible Preference Share

and on such other terms and conditions as the Company may think fit, but may not otherwise purchase any Convertible Preference Shares. The Company may exercise its rights and powers of purchase as regards the Convertible Preference Shares as its sole discretion and without obligation to maintain any particular ratio between the nominal amounts of any classes of convertible preference shares for the time being in issue.

(vii) **Issue of further preference shares**

- (A) The Company may from time to time create and issue further preference shares ranking as regards participation in the profits and assets of the Company *pari passu* with the Convertible Preference Shares (**further Convertible Preference Shares**). The further Convertible Preference Shares may carry as regards participation in the profits and assets of the Company either:
 - (1) rights and restrictions identical in all respects to those attached to the Convertible Preference Shares; or

(2) rights and restrictions differing from those attached to the Convertible Preference Shares in the following respects:

- (a) the amount of dividend payable on the shares;
- (b) the date from which the shares rank for dividend or the date for payment of dividend (or both);
- (c) the amount of a premium (if any) on a return of capital, whether on the winding up of the Company or otherwise;
- (d) terms of redemption; and
- (e) the rate of conversion into Ordinary Shares.

(B) No further preference shares ranking as regards participation in the Company's profits or assets in priority to the Convertible Preference Shares may be created or issued without the consent of the holders of the Convertible Preference Shares given in the manner prescribed in these Articles.

(viii) Further Provisions

- (A) The Company shall use all reasonable endeavours to ensure that the new Ordinary Shares arising on conversion of the Convertible Preference Shares are admitted to trading on AIM.
- (B) The Company shall keep available and authorised for issue sufficient Ordinary Shares to satisfy all outstanding rights of conversion into Ordinary Shares."

BY ORDER OF THE BOARD

Robert Wilkinson
Director

REGISTERED OFFICE

Murray House
Murray Road
Orpington
Kent
BR5 3QY

2 October 2008

Notes

- 1 A member entitled to attend and vote at the meeting convened by the notice set out above may appoint one or more proxies to attend and speak and vote instead of him or her. The instrument appointing a proxy must be in writing using the form of proxy enclosed, and must be received by the Secretary, either at the registered office or, using the enclosed reply paid envelope at THB Group plc, 107 Leadenhall Street, London EC3A 4AF not

later than 10.00 am on 24 October 2008. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting if he or she wishes, but, if you have appointed a proxy and attend the meeting in person, your proxy appointed will automatically be terminated. The proxy need not also be a member of THB Group plc.

- 2 The register of interests of the Directors and their families in the share capital of THB Group plc will be available for inspection at the meeting and shall remain open and accessible throughout the meeting.