

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in PLUS Markets Group plc, please pass this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will take place and that trading in the Placing Shares will commence on AIM on 9 January 2007.

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# **PLUS Markets Group plc**

*(Registered in England and Wales with company number 4606754)*

**Placing of 178,571,429 new Ordinary Shares at 14 pence per share  
Increase of authorised share capital, authority to allot shares  
and disapplication of pre-emption rights  
Notice of Extraordinary General Meeting**

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Notice of an Extraordinary General Meeting of holders of ordinary shares of 5 pence each in PLUS Markets Group plc to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 11.00 a.m. on 8 January 2007 is set out at the end of this document. To be valid, the enclosed form of proxy for use in connection with the EGM should be completed and returned by post or by hand to Capita Registrars, Northern House, Woodsome Park, Fennay Bridge, Huddersfield, West Yorkshire HD8 0LA as soon as possible, but in any event so as to arrive not later than 11.00 a.m. on 6 January 2007.

Copies of this document will be available free of charge during normal business hours on weekdays (excluding public holidays) for not less than one month from the date hereof from the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA.

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## Expected Timetable of Principal Events

Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 6 January 2007
Extraordinary General Meeting of PLUS Markets Group	11.00 a.m. on 8 January 2007

## Definitions

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

“Act” or “Companies Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange
“Board” or “Directors”	the directors of the Company
“Company” or “PLUS Markets Group”	PLUS Markets Group plc
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the Placing Shares
“Existing Ordinary Shares”	the 134,612,701 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting, which is enclosed with this document
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“Group”	PLUS Markets Group plc and its subsidiary undertakings
“London Stock Exchange”	London Stock Exchange plc
“MiFID”	the Markets in Financial Instruments Directive
“Newstrack PLUS”	PLUS Markets’ proprietary market news dissemination service
“Numis”	Numis Securities Limited, nominated adviser and broker to the Company
“Ordinary Shares”	the ordinary shares of 5 pence each in the share capital of the Company
“Placing”	the conditional placing by Numis pursuant to the Placing Agreement of the Placing Shares with institutional and other investors at the Placing Price
“Placing Agreement”	the agreement dated 13 December 2006 between the Company and Numis pursuant to which Numis has conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares
“Placing Price”	14 pence per Placing Share
“Placing Shares”	the 178,571,429 new Ordinary Shares which are the subject of the Placing

“PLUS”	the market operated by PLUS Markets
“PLUS Markets”	PLUS Markets plc, the operator of the PLUS market
“Proposed Directors”	Brian Taylor, Cyril Théret, Giles Vardey and Ian Salter
“Registrars”	Capita Registrars of Northern House, Woodsome Park, Fennay Bridge, Huddersfield, West Yorkshire HD8 0LA
“Resolutions”	the resolutions set out in the notice of Extraordinary General Meeting at the end of this document
“RIE”	recognised investment exchange
“Shareholders”	holders of Ordinary Shares
“Share Option Plans”	the PLUS company share option plan, the PLUS unapproved share option plan and the PLUS EMI share option plan

## PART I

### LETTER FROM THE CHAIRMAN

#### **PLUS Markets Group plc**

*(Registered in England and Wales No. 4606754)*

*Directors:*

Stephen Hazell-Smith (*Non-Executive Chairman*)  
Simon Brickles (*Chief Executive Officer*)  
Darren Francis (*Chief Financial Officer*)  
Stephen Allcock QC (*Non-executive Director*)  
Helen Bagan (*Non-executive Director*)  
Nicholas Smith (*Non-executive Director*)  
John Wedgwood (*Non-executive Director*)

*Registered and Head Office:*

Standon House  
21 Mansell Street  
London E1 8AA

13 December 2006

*To Shareholders and, for information only, to holders of options under the Share Option Plans*

Dear Shareholder

#### **Introduction**

I am writing to you to give you notice of an Extraordinary General Meeting of PLUS Markets Group plc to be held at 11.00 a.m. on 8 January 2007, formal notice of which is set out at the end of this document.

At the annual general meeting of the Company held on 20 April 2006 the Directors were authorised to allot equity securities in the Company up to an aggregate nominal amount of £2,239,969 pursuant to section 80 of the Act. The Directors were also authorised to allot equity securities in the Company for cash on a non pre-emptive basis up to an aggregate nominal amount of £336,331 pursuant to section 95 of the Act. The purpose of this document is, *inter alia*, to explain the reasons why the Directors wish to take out new authorities and to call the Extraordinary General Meeting for that purpose.

#### **Background to the Placing**

The Company operates an equity market in the City of London and is in the course of seeking RIE status from the FSA, with the aim of achieving RIE status during the second quarter of 2007. The Directors currently know of no reason why this status should not be granted. The Company's current focus is on providing cost-effective quotation and trading services dovetailed to the needs of small and mid-cap companies, and to the UK private client broking community. From this basis, it is seeking to expand into offering services to meet the quotation and trading needs of larger companies and the UK institutional community.

The Directors believe that there are significant new business opportunities available to the Company as a result of factors such as potential global exchange consolidation and the changing regulatory framework under MiFID, due to be implemented from November 2007. MiFID provides an opportunity for investment firms to review the current products and services provided to them by traditional stock exchanges. The Directors believe that it is a competitive advantage that the Company's market is already operational. To be able to capitalise effectively on such opportunities and ensure that the regulatory and technical infrastructure is in place by November 2007, PLUS Markets Group is seeking additional funds from existing and new shareholders.

## **Overview of current operations**

The Group has developed rapidly over the last two years under its current management team, expanding its business model in December 2005 by offering trading in a wider range of securities and introducing two new lines of revenue from trading services and market data services, as described below.

The Company's market offering comprises three segments:

*Trading services* – a quote-driven trading platform which supports liquidity in small and mid-cap companies offering trading in unlisted (e.g. AIM) and listed securities quoted elsewhere in London, as well as securities quoted on its own primary market. PLUS Markets has brought competition to the UK market for the trading of small and mid-cap securities by introducing a choice of execution venue. Brokers and market makers who wish to trade on PLUS must be a member of the market.

*Market data services* – the Company provides a real-time information feed offering proprietary PLUS trading data. Information vendors subscribe to the data and market participants pay an end-user per-terminal charge to access real-time data.

*Company services* – the Company provides services for the admission to trading on PLUS via a quotation on the PLUS primary market or by being listed or quoted on other markets in London, company news dissemination via Newstrack PLUS, and a membership structure for PLUS corporate advisers.

The Directors believe that trading on PLUS as opposed to other trading platforms reduces transaction costs by eliminating trade reporting fees. Empirical evidence produced by Cass Business School has also demonstrated that improved prices are available on PLUS when compared to other trading platforms. In 2006 (to the end of October), over 400,000 bargains have been executed on the PLUS platform representing a combined market value of over £2.3 billion, with in excess of 4 billion shares traded.

The PLUS primary market has historically focussed on the needs of smaller companies seeking admission to a public market. There are currently approximately 180 PLUS-quoted companies with a combined market capitalisation of over £2 billion. The Directors believe that PLUS is the second largest growth company market in Europe by reference to number of companies. The net number of PLUS-quoted companies is on a gradual increase for its second subsequent year.

PLUS Markets has a well-developed operational infrastructure, already offering competition and choice of execution for trading shares in London. Over 800 small and mid-cap company shares currently trade on the PLUS platform, representing a combined market capitalisation of over £145 billion. These comprise a listed segment (FTSE 250, FTSE Small Cap, FTSE Fledgling securities, including investment trusts), an unlisted segment containing AIM securities traded on PLUS, and securities quoted on the PLUS primary market. In the UK, the Group has only one direct competitor offering both secondary and primary markets. The Directors believe that, other than this direct competitor, PLUS Markets is the only FSA regulated entity that meets the regulatory requirements to offer a market in AIM securities.

## **Key recent milestones**

The Company has successfully delivered a number of developments previously outlined to Shareholders, with the objective of building PLUS into a credible alternative to traditional exchanges.

The Company raised £3.15 million in November 2004 to provide the business with ongoing working capital, to reform and re-position its former Ofex market, and to strengthen the management team. At that time the Company indicated that it intended to become an RIE, potentially by way of an application to the FSA within two years. In the first six months of 2005 the new management team reduced operational costs and reformed its company services offering.

The Company raised a further £2.5 million in September 2005 to broaden markedly its trading services to encompass a wider range of listed and unlisted securities quoted elsewhere in London. At that time, the Company secured further backing from important market participants in the small and mid-cap market. It applied funds to build and operate the new quote-driven trading platform, which commenced operations in December 2005.

The fundraising in September 2005 enabled the Company to increase the number of securities currently trading on its market to over 800, compared to 134 securities traded at the end of 2004.

During 2006, the Company built up its trading services customer base. In doing so, it began to capture significant liquidity in the small cap listed segments of the FTSE Fledgling and FTSE Small Cap indices. The Directors believe that increasing market share will generate an increase in market data services revenue.

The Company also reorganised and re-branded its market offering which it had developed under two separate identities (“Ofex” and “the PLUS service”) – into a single equity market offering under the name of “PLUS”, with effect from October 2006.

### **Proposed extension of market services**

PLUS Markets intends to leverage its existing operational presence to compete more widely for non-order book business. PLUS Markets proposes to expand its trading services to allow investment firms to meet their execution, reporting, and transparency needs under MiFID in an efficient and cost-effective manner. Its enlarged market structure will provide investment firms with on and off-exchange quote driven services.

The Company intends to introduce new trading technology to facilitate:

- electronic connectivity with brokers, allowing for message routing between PLUS market participants, and the enhanced PLUS Markets trading capacity;
- brokers to display client limit orders which, under MiFID, brokers will have a legal obligation to publish in certain circumstances;
- off-exchange quotation facilities in liquid shares for systematic internalisers and quote service and trade reporting facilities to support bilateral off-book trading providing pre and post-trading transparency. The Directors believe that this is a significant opportunity given that in the first nine months of 2006 this accounted for the majority of the value of equity trading activity in London.

Following the attainment of RIE status, PLUS Markets intends to broaden its range of market services, facilitating trading in a wider range of securities, including in the areas of investment trusts, real estate investment trusts (“REITs”) and structured products.

### **Board changes**

A number of Directors will be leaving the Board upon the Resolutions being passed at the EGM. After three years with the Company, Darren Francis, our current Chief Financial Officer, has decided to leave the Board. Darren has helped transform the Company. Two of our non-executive Directors, Helen Bagan and John Wedgwood, will be stepping down from the Board as well. Helen and John have provided wise counsel and Board level continuity during their tenures. I am grateful to Darren, Helen and John for their significant contribution to the Company’s development and wish them well for the future.

The Board intends to appoint Brian Taylor as Chief Financial Officer. Brian will oversee the Company’s finance and I.T. functions at executive level. Cyril Théret will be appointed Business Development Director. In addition, the Board intends to appoint two non-executive Directors, namely Ian Salter and Giles Vardey. Amongst many other achievements, both are former directors of London Stock Exchange having served as deputy chairman and an executive director respectively. The Directors believe that these appointments will strengthen the Company’s management.

Further details about Brian Taylor, Cyril Théret, Ian Salter and Giles Vardey are given below. All of the Board appointments detailed in this document are intended to be made following the Resolutions being passed at the EGM and upon receipt of appropriate approval from the FSA.

#### ***Brian Taylor, proposed chief financial officer (aged 47)***

Brian is currently the managing director of BTA Consulting Limited a niche financial markets consultancy group with over 80 clients world-wide including a number of stock exchanges. He is a qualified chartered

accountant. Brian has previously been retained as a senior manager at Price Waterhouse and a vice-president at Merrill Lynch Europe Limited. He is a graduate of the Victoria University of Manchester.

***Cyril Théret, proposed business development director (aged 36)***

Cyril joined the Group in January 2004, where he has been responsible for sales activities. He previously spent five years with London Stock Exchange where he held several positions in market supervision and issuer services including business development manager for North America. Cyril previously worked for State Street Bank and Trust in Paris, Munich and London. He graduated in 1994 with a Maitrise d'Ingenierie Financiere and B.A. in International Economics.

***Giles Vardey, proposed non-executive director (aged 50)***

A graduate of Oxford University, Giles has spent over 25 years in financial services holding senior positions in major investment banks including Salomon Brothers, County Natwest and Swiss Bank Corporation. Between 1992 and 1997, he served on the main board of the London Stock Exchange leading the successful implementation of the electronic trading system (SETS) and the creation of AIM in 1995. After that he became CEO of Fidelity Brokerage Services and then Greig Middleton & Co. Limited, the UK's largest private client stockbroking business and was on the board of the parent company Gerrard PLC. He became chairman of Hunter-Fleming Limited in 2001, a private pharmaceutical development company and more recently, he was Chairman of CQS, one of Europe's leading hedge funds and has advised a number of fast growing technology companies. He is a member of the Securities Institute (MSI), and has served in the past on the Securities Trading Committee of the London Investment Banking Association, and on the APCIMS Europe Committee. He remains chairman of Hunter-Fleming Limited and he is also chairman of Trident Gaming Ltd and chairman of the Boat Race Company Limited, which organises the annual Oxford and Cambridge University Boat Race.

***Ian Salter, proposed non-executive director (aged 63)***

Ian was non-executive deputy chairman of the London Stock Exchange from 1990 until 2004. He is investment director of Tilney Investment Management, London, which took over SG Investment Management Limited where he had been managing director. He is a member of the Finance Committee for the City Take-Over Panel and sat on the Code Committee. He also served on the Financial Reporting Council for eight years and was a member of the UK Listing Authority Advisory Committee.

**Current Trading**

The Company's interim statement for the six month period ended 30 June 2006 was announced on 6 September 2006. Since 30 June 2006, trading has been broadly in line with the Company's expectations. In July 2006 PLUS Markets introduced a single membership structure, with 46 brokers and 7 market makers. In October 2006 a unified market data feed was introduced. In November 2006, PLUS Markets announced an increase in fees for company services, to take effect from 1 January 2007. The Directors believe that the results for the second half of the year will deliver an improvement on the first half.

**The Placing**

The Company is proposing to raise up to £25 million, before expenses, by the issue of up to 178,571,429 new Ordinary Shares to institutional and other investors, pursuant to the Placing, at 14 pence per Ordinary Share. Numis, as agent for the Company, has agreed conditionally to use its reasonable endeavours to procure subscribers for the Placing Shares and failing which to subscribe itself for the Placing Shares pursuant to the terms of the Placing Agreement. The Placing is conditional upon Shareholder approval at the EGM. The Placing, the Placing Shares will represent 57.02 per cent. of the Company's Enlarged Issued Share Capital.

## **Reasons for the Placing and Use of Proceeds**

The Company is seeking additional funds which it intends to apply as follows:

- £15 million to strengthen the Group's balance sheet, command additional customer and regulatory confidence and provide the Company with the financial flexibility to respond to strategic opportunities in the short and medium term.
- £4 million to improve its trading platform, including introducing a dynamic interface for broker dealer and market maker members to connect directly to PLUS and increasing capacity to accommodate trading services for a wider range of securities, to include liquid shares, as defined under MiFID.

A further £6 million will be used for:

- Recruitment and retention of high-calibre staff to deliver the Group's business plan.
- Expanded sales and relationship management activities to capture and service trading services customers in both the retail broking and the institutional sectors.
- Regulatory and marketing support to develop and promote new market data services products, including services associated with trade data monitor status as proposed by the FSA, and the extension of PLUS Markets' existing Newstrack PLUS news dissemination service into a regulatory information service.
- Development and promotion of new company services products, as well as promote more widely its existing product in the UK and internationally.

## **Possible admission to the Official List**

Within 12 months of attaining RIE status the Company intends to consider a move to the Official List. Admission to the Official List would enable the Company to admit its shares to trading on its own market. Any such move will be conditional on shareholder approval.

## **Reasons for calling the EGM**

Section 80 of the Act prohibits Directors from allotting any shares in the Company without prior authority from Shareholders. Section 89 of the Act gives holders of equity securities certain rights of pre-emption on the issue for cash of new equity securities.

The section 80 authority granted to the Directors by Shareholders at the annual general meeting of the Company held on 20 April 2006 permits the Directors to allot equity securities in the Company up to an aggregate nominal amount of £2,239,969, being 44,799,380 Ordinary Shares. The disapplication of section 89 granted at the same meeting permits, *inter alia*, the Directors to allot equity securities having an aggregate nominal amount not exceeding £336,331 (being 6,726,620 Ordinary Shares and representing approximately 5 per cent. of the issued equity share capital of the Company as at the date of the annual general meeting) on a non-pre-emptive basis.

In order to implement the Placing the Directors wish to seek a new section 80 authority in respect of an aggregate nominal amount of £14,148,307 and further, a disapplication of section 89 in respect of the Placing Shares and the allotment of further equity securities up to an aggregate nominal amount of £782,960 (being approximately 5 per cent. of the enlarged issued share capital of the Company following completion of the Placing). This authority will expire at the end of the annual general meeting to be held in 2007.

The Resolutions being proposed at the EGM will enable the Company to complete the Placing as well as giving the Directors the flexibility to raise additional funds or make acquisitions in the future as and when suitable opportunities may arise.

### **Extraordinary General Meeting**

You will find at the end of this document a notice convening the EGM to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 11.00 a.m. on 8 January 2007 at which the following Resolutions will be proposed:

1. an ordinary resolution to increase the authorised share capital of the Company to £21,000,000 by the creation of 220,000,000 new Ordinary Shares;
2. an ordinary resolution to authorise the Directors to allot relevant securities pursuant to section 80 of the Act up to an aggregate maximum nominal amount of £14,148,307; and
3. a special resolution to disapply the pre-emption provisions contained in section 89(1) of the Act in respect of the allotment and issue of the Placing Shares, the allotment and issue of equity securities in connection with offers to existing Shareholders where such offer is made in proportion to existing holdings and otherwise up to an aggregate nominal amount of £782,960.

### **Action to be taken**

A form of proxy is enclosed with this document for use at the EGM.

Whether or not you propose to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon. To be valid, completed forms of proxy must be returned by post or hand to Capita Registrars, Northern House, Woodsome Park, Fennay Bridge, Huddersfield, West Yorkshire HD8 0LA so as to arrive not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

If you complete and return a form of proxy, you may still attend and vote at the EGM in person should you decide to do so.

### **Recommendation**

The Directors believe that the Placing is in the best interests of the Company and accordingly they unanimously recommend you to vote in favour of the Resolutions to be proposed at the EGM as they intend to do in respect of their aggregate shareholdings of 3,650,000 Ordinary Shares, representing 2.71 per cent. of the existing issued share capital of the Company.

Yours sincerely

**Stephen Hazell-Smith**  
*Chairman*

## PART II

### RISK FACTORS

The Ordinary Shares should be regarded as a speculative investment and an investment in Ordinary Shares should only be made by those with the necessary expertise to fully evaluate the investment. The Directors believe that the following risks should be considered carefully by investors before acquiring Ordinary Shares. Prospective investors are advised to consult an independent adviser authorised under the FSMA. If any of the risks described in this document actually occur, the Group may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

#### **Business Specific Risks**

1. The Group's future revenues are to a material extent dependant on upgrading its existing trading platform. Any delay in the development of the platform, an inability of brokers or market makers to connect to the upgraded system, instability of the platform or interruption of its availability for an extended period, could have an adverse effect on the Group's business, financial condition and operating results.
2. PLUS Markets is required to comply with the rules of applicable regulatory bodies. Any failure or inability to comply with such rules could result in it being unable to conduct its business. In addition, the regulatory regime applicable to PLUS Markets is under regular review and future changes made by a regulatory body could impose a greater burden upon the Group. Further, attainment of RIE status, given that it is granted at the discretion of the FSA, cannot be assured. The UK's transposition of MiFID into domestic law will not occur until January 2007. Accordingly, the final detailed implementation of the MiFID requirements may result in the market opportunity for the Company being favourably or adversely affected.
3. Technological advances, particularly those which impact on the methods by which investors conduct share transactions, might have an adverse effect on the competitive position of the Group. New internet or other new technology based products, services or enhancements offered by the Group may require costly modifications following their implementation, which could harm the Group's profitability and business.
4. The financial services markets in which PLUS Markets operates are highly competitive. There are barriers to entry to forming and operating a trading facility, but a company could set up a new facility that directly competes with the PLUS market or an existing market operator could react and try to compete more effectively. Increased competition could adversely affect the price at which PLUS Markets is able to offer its services which could adversely affect its revenues.
5. The Group's business is dependent on stock market conditions, in particular the number of flotations and fundraisings and the level of share trading activity as well as the availability of financial resources through investors for placings and other fundraising activities. Any reduction or decline in these, particularly the stock market, is likely to have an effect on the revenues and profitability of the Group. The number of issuers on the PLUS market is affected by economic conditions and investor confidence. Any fall in the number of companies which have securities traded on the PLUS market will affect the success of the Group's business.
6. The Group's ability to retain its clients and attract new business is dependent on the maintenance of its reputation. The Group is vulnerable to adverse market perception as it operates in an industry where a high level of integrity and client trust is paramount. Any mismanagement or failure to satisfy the Group's responsibilities to its clients, or the negative publicity resulting from such activities or the

accusation by a third party of such activities (whether well founded or not) associated with the Group, could have a material adverse effect on the financial condition or results or operations of the Group.

7. The future success of the PLUS market materially depends on the expertise of the Directors and key employees. Whilst the Company has entered into contractual arrangements with the Directors and key employees, the retention of their services is not guaranteed. The loss of key personnel could have a material adverse effect on the Group's future by impairing its ability to expand.

### **General Risks**

1. The market price of the Ordinary Shares may not reflect the underlying value of the Group's profits.
2. Investors in companies traded on the PLUS market may benefit from the availability of certain tax reliefs. The removal of such tax breaks could have an adverse impact on the ability of companies to raise money on the PLUS market and on the number of new companies seeking admission to the PLUS market.
3. The Enlarged Issued Share Capital will be traded on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. The market for shares in smaller quoted companies is less liquid than that for larger companies. Ordinary Shares may be difficult to buy or sell and may be subject to greater fluctuations in price than on the Official List. Potential investors should be aware that the value of shares can rise or fall. The share prices of public companies, particularly those operating in high growth sectors, are often subject to significant fluctuations. Investors may therefore lose part or all of their original investment.
4. This document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this document. The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of the risks or uncertainties described in this Part II materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements speak only as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

## PART III

### ADDITIONAL INFORMATION

#### 1. Incorporation and Status of the Company

The Company was incorporated in England and Wales on 3 December 2002 under the name of Kudosophion Public Limited Company with registered number 4606754 as a public company with limited liability under the Act. On 27 February 2003 the Company changed its name to OFEX Holdings plc. On 28 February 2003 the Company obtained a certificate pursuant to section 117 of the Act entitling it to trade and do business. On 1 November 2004 the Company changed its name to PLUS Markets Group plc. The liability of the members of the Company is limited.

#### 2. Share capital of the Company

- (a) The authorised and issued share capital of the Company at the date of this document and immediately following Admission is and will be as follows:

<i>Authorised share capital</i>			<i>Issued share capital</i>	
	<i>Number of</i>		<i>£</i>	<i>Number of</i>
<i>£</i>	<i>Ordinary Shares</i>			<i>Ordinary Shares</i>
10,000,000	200,000,000	At present	6,730,635.05	134,612,701
21,000,000	420,000,000	Following Admission	15,659,206.50	313,184,130

- (b) The provisions of Section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the authorised but unissued share capital of the Company except to the extent disappplied by the Resolutions.
- (c) The new Ordinary Shares in issue following Admission will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the ordinary share capital.
- (d) Save as disclosed in this document, no share or loan capital of the Company is proposed to be issued or is under option or is the subject of an agreement, conditional or unconditional, to be put under option.
- (e) The Company's articles of association permit the Company to issue shares in uncertificated form. Application will be made for the Placing Shares to be admitted to CREST on Admission.

#### 3. Directors' and Other Interests

- (a) The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of connected persons within the meaning of section 346 of the Act in the issued share capital of the Company which have been notified to the Company pursuant to Section 324 and 328 of the Act (or are required to be disclosed in the register of Directors' interests pursuant to Section 325 of the Act) as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>% of Enlarged Issued Share Capital</i>
<i>Directors</i>				
S J Allcock	750,000	0.56	892,857	0.29
H Bagan	200,000	0.15	271,429	0.09
S M Brickles	900,000	0.67	1,078,571	0.34
D S Francis	300,000	0.22	300,000	0.10
S J Hazell-Smith	1,100,000	0.82	1,814,286	0.58
N M N Smith	100,000	0.07	278,571	0.09
J A T Wedgwood	300,000	0.22	371,429	0.12

(b) The Directors have been granted options under the Share Option Plans as follows:

<i>Directors</i>	<i>Date of Grant</i>	<i>Earliest Exercise of Grant</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Number at Date of Grant</i>
S M Brickles	11.03.2004	11.03.2007	10.03.2014	29.5p	338,983
	17.03.2005	17.03.2008	16.03.2015	7.25p	700,000
	16.12.2005	16.12.2008	15.12.2015	24.125p	1,500,000
D S Francis	11.03.2004	11.03.2007	10.03.2014	29.5p	65,000
	17.03.2005	17.03.2008	16.03.2015	7.25p	700,000
	16.12.2005	16.12.2008	15.12.2015	24.125p	800,000

It is intended that, following the appointment of Brian Taylor as a director of the Company, BTA Consulting Limited, the company through which Brian Taylor provides his services, will be granted an option over a number of Ordinary Shares equal to 1 per cent. of the Enlarged Issued Share Capital.

(c) The total number of share options outstanding under the Share Option Plans at 13 December 2006 was 8,551,833 and details are as follows:

<i>Number of Share Options</i>	<i>Exercise Price</i>	<i>Grant Date</i>	<i>Earliest Exercise Date</i>	<i>Expiry Date</i>
165,000	25p	01.04.2003	01.04.2006	31.03.2013
541,833	29.5p	11.03.2004	11.03.2007	10.03.2014
290,909	6.875p	11.03.2005	11.03.2008	10.03.2015
2,809,091	7.25p	17.03.2005	17.03.2008	16.03.2015
3,800,000	24.125p	16.12.2005	16.12.2008	15.12.2015
945,000	32.75p	18.05.2006	18.05.2009	17.05.2016

(d) Save as disclosed in sub-paragraphs (a) and (b) above and this sub-paragraph the Directors are not aware of any interest (within the meaning of Part VI of the Act) in the Ordinary Shares which, immediately following Admission, would amount to 3 per cent. or more of the Company's Enlarged Issued Share Capital nor, so far as the Directors are aware, are there any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>
Close Brothers Group plc	77,895,677	24.9
Cazenove Capital Management Limited	29,672,404	9.5
Cenkos Securities Limited	17,939,800	5.7
Scottish Widows Investment Partnership Limited	14,285,714	4.6
JM Finn & Co	11,857,143	3.8
Williams de Broë Limited	10,785,714	3.4

#### 4. Additional Information on the Proposed Directors

(a) The Proposed Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

(i) *Brian Taylor*

*Current Directorships*

BTA Consulting Limited

*Past Directorships*

Udexi Limited

INB plc

(ii) *Cyril Théret*

*Current Directorships*

None

*Past Directorships*

None

(iii) *Giles Vardey*

*Current Directorships*

54 Onslow Gardens Management Limited

Hunter-Fleming Limited

The Boat Race Company Limited

*Past Directorships*

Brightview Internet Services Limited

Brightview Limited

CQS Management Limited

Knightserve Limited

Totalise Internet Access Limited

Xtorp Limited

(iv) *Ian Salter*

*Current Directorships*

CCH International plc

TIM (London) Limited

*Past Directorships*

London Stock Exchange plc

(b) Giles Vardey was a director of a company known as ProtX Limited, now Xtorp Limited, when the company was placed in administration on 16 March 2001. Mr Vardey had joined the company on 1 September 2000 in order to assist with the rescue of the company. A payment counterparty froze significant funds of the company in March 2001 and the board of directors called in administrators. Mr Vardey ceased to be a director on 14 October 2002. The administration is ongoing.

Mr Vardey joined Brightview Limited as a director on 17 September 2001. He resigned on 23 April 2002. 11 months following his resignation, on 9 April 2003, the company was placed in administration. The administration followed the withdrawal of funds by the main lender. All creditors were repaid in full and the company was liquidated on 26 April 2006.

Brian Taylor joined INB plc as a non-executive director on 12 June 2000. He resigned as a director on 1 March 2001. Nine months following his resignation, on 18 December 2001, the company entered into a creditors' voluntary liquidation. The company was dissolved on 10 March 2003.

- (c) Save as disclosed above, none of the Proposed Directors has:
- (i) any unspent convictions in relation to indictable offences;
  - (ii) had any bankruptcy order made against him or entered into any voluntary arrangements;
  - (iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - (iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (v) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (vi) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - (vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

## **5. Placing Agreement**

The Company has entered into the Placing Agreement with Numis relating to the Placing pursuant to which, conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 9 January 2007 (or such later time and date as the Company and Numis may agree being not later than 3.00 p.m. on 16 January 2007), Numis has agreed to use reasonable endeavours to procure subscribers for the Placing Shares and failing which to itself subscribe for the Placing Shares. Under the agreement the Company has agreed to pay Numis a corporate finance fee of £200,000 and commission of 3.5 per cent. on the aggregate value at the Placing Price of the Placing Shares for which Numis procures subscribers and commission of 2 per cent. of the aggregate value at the Placing Price of the Placing Shares for which the Company procures subscribers. The agreement contains representations and warranties from the Company and an indemnity from the Company in favour of Numis together with provisions which enable Numis to terminate the agreement in certain circumstances prior to Admission including in the event of a material breach of any of the warranties and *force majeure*.

## **6. Litigation**

No legal or arbitration proceedings are active, pending or threatened against, or being brought by, the Company or any member of the Group which are having or may have a significant effect on the Company's or the Group's financial position.

## **7. Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## **8. General**

- (a) The total costs and expenses relating to the Placing payable by the Company are estimated to be £1.2 million (excluding VAT).

- (b) Numis Securities Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- (c) It is expected that definitive share certificates will be despatched by hand or first class post by 16 January 2007. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on 9 January 2007.

**9. Availability of this document**

Copies of this document are available free of charge from the Company's registered office and at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month from the date of this document.

# PLUS Markets Group plc

(Registered in England and Wales with company number 4606754)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of PLUS Markets Group plc (the "Company") will be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 11.00 a.m. on 8 January 2007 to consider and, if thought fit, pass the following resolutions of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution:

### ORDINARY RESOLUTIONS

1. **THAT** the authorised share capital of the Company be hereby increased from £10,000,000 to £21,000,000 by the creation of 220,000,000 new Ordinary Shares of 5p each.
2. **THAT** in substitution for all authorities in existence immediately prior to this resolution being passed, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985, as amended (the "Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £14,148,306.95 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in General Meeting) at the conclusion of the annual general meeting of the Company to be held in 2007 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement notwithstanding such expiry.

### SPECIAL RESOLUTION

3. **THAT** in substitution for all existing powers pursuant to that section, the Directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by Resolution 2 above as if section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited to:
  - (a) the allotment of equity securities up to an aggregate nominal amount of £8,928,571.45 pursuant to the Placing (as such term is defined in the circular to shareholders of the Company dated 13 December 2006);
  - (b) the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to exclusions or other arrangements which the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
  - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £782,960.33

and the power hereby granted shall expire at the conclusion of the annual general meeting of the Company to be held in 2007 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry but otherwise in accordance with the foregoing provisions of this power in which case the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Celia Whitten  
Secretary

*Registered Office:*  
Standon House  
21 Mansell Street  
London E1 8AA

Dated: 13 December 2006

**Notes:**

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the enclosed form of proxy for the meeting convened by the above notice and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the Company's registrars' office not less than 48 hours before the time for holding the meeting. Completion and return of the form of proxy will not preclude ordinary shareholders from attending and voting in person at the meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Extraordinary General Meeting is 11.00 a.m. on 6 January 2007 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

