

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you have sold or transferred all of your shares in Jelf Group plc, please send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document should not be forwarded to or transmitted in or into the United States of America, Canada, Australia or Japan or any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.

The Directors, whose names appear on page 2 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares will become effective and that dealings in the Placing Shares will commence on 15 March 2010. The Placing Shares will, on Admission, rank *pari passu* in all respects with and will rank in full for all dividends and other distributions declared, made or paid in respect of, the Existing Ordinary Shares after Admission.

---

# Jelf Group plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with company number 2975376)*

**Placing by Cenkos Securities plc of up to 27,713,939 new Ordinary Shares of 1p each and 25,063,838 new Non-Voting Convertible Shares at a price of 36 pence per share**

**and**

## **Notice of General Meeting**

---

**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 6 to 10 of this document and which recommends you vote in favour of the Resolutions to be proposed at the General Meeting.**

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Cenkos Securities plc will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for advising any other person on the arrangements described in this document. Cenkos Securities plc has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinions contained in this document or for the omission of any information. Cenkos Securities plc as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors.

This document is issued by the Company. Macquarie Capital (Europe) Limited ("Macquarie"), which is authorised and regulated by the UK Financial Services Authority, is acting as financial adviser to the Company in connection with the matters described in the document. Macquarie is not responsible to anyone other than the Company for providing the protections afforded to clients of Macquarie, or for advising any other person on the arrangements described in this document. Macquarie has not authorised the contents of, or any part of, this document, and this document does not constitute an offer, solicitation, invitation or recommendation on the part of Macquarie to buy or sell any securities, and does not purport to contain all the information that may be required by the recipient to assess its interests in any potential proposal. Except as required by law, Macquarie and its affiliates, and their respective directors, officers, employees, agents and consultants make no representation or warranty as to the accuracy or completeness of the information or opinions contained in this document, and take no responsibility under any circumstances for any loss or damage suffered as a result of any omission, inadequacy, or inaccuracy in this document. Macquarie Capital (Europe) Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Capital (Europe) Limited.

The Placing Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia or Japan, nor has any prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia or Japan. Overseas Shareholders and any person (including, without limitation, custodians nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

**Notice of a General Meeting of Jelf Group plc, to be held at The Kendleshire Golf Club, Henfield Road, Coalpit Heath, Bristol, BS36 2TG at 10.30 a.m. on 12 March 2010, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 48 hours before the General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of the Company at Formeford House, Church Road, Yate, BS37 5JB for a period of one month from the date of this document.

## DIRECTORS AND ADVISERS

<b>Directors</b>	David Walker ( <i>Non-Executive Chairman</i> ) Christopher Jelf ( <i>Deputy Chairman</i> ) Alexander Alway ( <i>Group Chief Executive</i> ) John Harding ( <i>Group Finance and Operations Director</i> ) Phil Barton ( <i>Group Commercial Director</i> ) Jon Manson ( <i>Executive Director</i> ) Alex Rowe ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	John Harding Fromeforde House Church Road Yate BS37 5JB
<b>Registered Office</b>	Fromeforde House Church Road Yate BS37 5JB
<b>Nominated Adviser and Broker</b>	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
<b>Financial Adviser</b>	Macquarie Capital (Europe) Limited City Point 1 Ropemaker Street London EC2Y 9HD
<b>Solicitors to the Company</b>	Finers Stephens Innocent LLP 179 Great Portland Street London W1W 5LS
<b>Solicitors to Cenkos Securities</b>	Eversheds LLP One Wood Street London EC2V 7WS
<b>Registrars</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA

## PLACING STATISTICS

Placing Price	36p
Number of Existing Ordinary Shares	49,815,318
Gross proceeds of the Placing receivable by the Company	£19 million
Total number of Ordinary Shares in issue following Admission	77,529,257
Total number of Non-Voting Convertible Shares in issue following Admission	25,063,838
Placing Shares as a percentage of the existing issued ordinary share capital	55.6%

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Posting of this document to Shareholders (by first class post)	24 February 2010
Latest time and date for receipt of Form of Proxy	10.30 a.m. on 10 March 2010
General Meeting	10.30 a.m. on 12 March 2010
Admission and dealings in the Placing Shares expected to commence on AIM	08.00 a.m. on 15 March 2010
Where applicable, expected date for CREST accounts to be credited in respect of Placing Shares in uncertificated form	15 March 2010
Where applicable, expected date for posting of share certificates for Placing Shares and Non-Voting Convertible Shares	by 22 March 2010

If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through the Regulatory Information Service. All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions contained in the notice of General Meeting at the General Meeting.

## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“AIM”</b>	the AIM Market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM rules for companies published by the London Stock Exchange from time to time
<b>“Articles”</b>	the Company’s Articles of Association from time to time
<b>“Cap Z”</b>	Capital Z Partners III, L.P. (registered in the Cayman Islands)
<b>“Cenkos Securities”</b>	Cenkos Securities plc
<b>“Code”</b>	Takeover Code issued by the Panel on Takeover and Mergers
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 SI 2001: No.3755 (as amended)) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations)
<b>“Company” or “Jelf”</b>	Jelf Group plc
<b>“Board” or “Directors”</b>	the directors of the Company whose names are set out on page 2 of this document
<b>“Enlarged Ordinary Share Capital”</b>	the Ordinary Shares of the Company in issue immediately following Admission of the Placing Shares
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document
<b>“Form of Proxy”</b>	the form of proxy for use at the General Meeting, which accompanies this document
<b>“General Meeting”</b>	the general meeting of the Company to be held at The Kendleshire Golf Club, Henfield Road, Coalpit Heath, Bristol, BS36 2TG at 10.30 a.m. on 12 March 2010
<b>“Group”</b>	the Company and its subsidiaries
<b>“Independent Directors”</b>	the directors of the Company, excluding Jon Manson
<b>“Manson”</b>	Manson Insurance Group Limited
<b>“Manson Share Acquisition”</b>	the share purchase agreement dated 28 January 2008 between (1) Jon Manson and others and (2) the Company, relating to the acquisition of the entire share capital of Manson
<b>“Non-Voting Convertible Shares”</b>	the non-voting convertible shares of £0.01 each in the capital of the Company to be constituted by and having the rights and restrictions attached as set out in the new articles of association of the Company proposed to be adopted pursuant to Resolution 1 as set out in the Notice of General Meeting, further details of which are set out at page 9 of this document;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting, which is set out at the end of this document

<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of the Company
<b>“Placing”</b>	the conditional placing of the Placing Shares and 25,063,838 new Non-Voting Convertible Shares by Cenkos Securities on behalf of the Company at the Placing Price per share, on the terms of the Placing Agreement
<b>“Placing Price”</b>	36p per Placing Share and per Non-Voting Convertible Share
<b>“Placing Agreement”</b>	the conditional agreement dated 24 February 2010 and made between Cenkos Securities and the Company in relation to the Placing, further details of which are set out in the letter from the Chairman of the Company included within this document
<b>“Placing Shares”</b>	the 27,713,939 new Ordinary Shares
<b>“Resolutions”</b>	the resolutions set out in the Notice of General Meeting
<b>“Shareholders”</b>	holders of Ordinary Shares

# Jelf Group plc

(Registered and incorporated in England and Wales under the Companies Act 1985 with company number 02975376)

## Directors:

David Walker (*Non-Executive Chairman*)  
Christopher Jelf (*Deputy Chairman*)  
Alexander Alway (*Group Chief Executive*)  
John Harding (*Group Finance and Operations Director*)  
Phil Barton (*Group Commercial Director*)  
Jon Manson (*Executive Director*)  
Alex Rowe (*Non-executive Director*)

## Registered Office:

Fromeforde House  
Church Road  
Yate  
BS37 5JB

*To Shareholders (and for information purposes only, to the holders of options over Ordinary Shares)*

24 February 2010

Dear Shareholder,

## **Conditional Placing by Cenkos Securities of up to 27,713,939 new Ordinary Shares and 25,063,838 new Non-Voting Convertible Shares of 1p each at a price of 36 pence per share and Notice of General Meeting**

### **Introduction**

The Board is pleased to announce that the Company proposes to raise up to £19 million, before expenses, by way of the Placing undertaken by Cenkos Securities. The Placing consists of a conditional placing by the issue of the Placing Shares to institutional and other investors, including Cap Z and by the issue of 25,063,838 new Non-Voting Convertible Shares to Cap Z. In addition to subscribing for the Placing Shares and the 25,063,838 new Non-Voting Convertible Shares Cap Z has entered into an agreement to acquire 3i Group Plc's entire shareholding in the Company. Following its acquisition of Placing Shares and the shareholding of 3i Group Plc, Cap Z will hold a minimum of 25.01 per cent. but less than 30 per cent. of the Company's Enlarged Ordinary Share Capital. A key feature of the fundraising is the investment by Cap Z and other institutional investors and their endorsement of the Company's strategy.

In order for the Placing to be effected, the Directors, *inter alia*, require the authority of Shareholders to allot the Placing Shares and the Non-Voting Convertible Shares free from statutory pre-emption rights. Accordingly the Company is convening the General Meeting at which it will seek authority *inter alia* for the Directors to allot the Placing Shares and the 25,063,838 new Non-Voting Convertible Shares and to disapply the statutory pre-emption rights in order to allot the Placing Shares and the 25,063,838 new Non-Voting Convertible Shares pursuant to the Placing and thereafter in certain limited circumstances. The Resolutions to be proposed at the General Meeting are set out in the Notice of General Meeting at the end of this document.

**The purpose of this document is to provide you with information about the background to and the reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.**

### **Background to and reasons for the Placing**

As noted in the Company's preliminary results announced today, market conditions have remained challenging and have had a corresponding impact on Group's margins and profits. Nonetheless, the Board has continued to focus on reducing costs through rationalising structures and improving efficiencies and was pleased to be able to announce on 12 February 2010 that the Company had entered into new secured senior debt facilities of £24 million with a five year term with a small group of lenders replacing the previous facility in full.

The net Placing proceeds will be used for three key purposes: firstly to reduce the net debt of the Group, in line with the facility agreement announced on 12 February 2010. The Board considers that the reduction of net debt is a priority for the Company given the current economic, trading and banking environment and further believes that reducing the level of indebtedness significantly, will increase Shareholder confidence in the Company. Secondly the net Placing proceeds will be used to enable the Group to better capitalise on organic and, where appropriate, inorganic growth opportunities and thirdly, to strengthen the working capital and cash flow position of the Company over the coming 12 months, as the remaining deferred consideration payments fall due.

The Board considers that it is in the best interests of the Company and Shareholders, as a whole, for the funds to be raised by way of the Placing. The Placing of the Placing Shares and the Non-Voting Convertible Shares with Cap Z allows the Company to benefit not only from Cap Z's capital but also from its considerable strategic, operational and financial advice and experience.

### **Information on Cap Z**

Cap Z is a private equity investor focused exclusively on the financial services industry in the U.S. and Europe. Cap Z's predecessor was the first private equity fund to focus exclusively on the financial services industry in 1990 and since then Cap Z has invested in excess of \$2.5 billion in capital in 55 transactions across the insurance and specialty finance sectors in the US, UK and Continental Europe. Cap Z's strategy is to invest in companies where it will be involved at board level and assist the management teams by adding value through acquisitions and capital. Cap Z typically looks to exit its investments over a four to six year period.

The Company has agreed that whilst Cap Z are the holder of at least 20 per cent. of the issued Ordinary Shares in the Company, Cap Z shall be entitled to appoint a non-executive director to the Board. A further announcement regarding this appointment will be made in due course.

Cap Z's participation in the Placing will be in respect of Ordinary Shares and Non-Voting Convertible Shares in such proportions so that following the Placing and its purchase of the Ordinary Shares held by 3i Group Plc, Cap Z will hold a minimum of 25.01 per cent. but less than 30 per cent. of the Enlarged Ordinary Share Capital.

Cap Z has undertaken to the Company and Cenkos Securities that it will not, without the prior written consent of the Company and the Company's broker, for a period ending on 16 March 2012 dispose of any of its shares held pursuant to the Placing and the purchase of the Ordinary Shares from 3i Group Plc, save in certain limited circumstances including inter alia, the acceptance of a general offer for the whole of the issued equity share capital of the Company pursuant to the Code.

In addition, Cap Z has undertaken to the Company, that it shall not for a period ending on 16 March 2011, inter alia, acquire equity securities of the Company or the business, assets or undertaking of the Company or any other member of the Group or announce or take action which, under the Code would require the announcement of any proposals for any takeover, merger, consolidation, share exchange or similar transaction involving the securities of the Company. Cap Z may be entitled to acquire additional Ordinary Shares during this period, to the extent that Cap Z's holding (together with concert parties as defined in the Code) following such acquisition remains below 30 per cent. of the voting rights of the Company. The restriction referred to above does not apply to Cap Z's investment by way of the Placing, the acquisition of the Ordinary Shares from 3i Group Plc nor the exercise of the rights of conversion of the Non Voting Convertible Shares.

### **Current trading and prospects**

Today, the Company reported its preliminary results for the year ended 30 September 2009 and, in a period of challenging trading conditions, the Company generated revenues of £70.3 million. Earnings before interest, taxation, depreciation, amortisation and exceptional costs ("EBITDAE") were £8.1 million and the EBITDAE margin was 11 per cent. The operating loss was £9.7 million after deduction of £4.8 million reorganisation and rationalisation costs and £7.5 million goodwill impairment. As part of the reorganisation substantial efforts were made during the year to improve

operating efficiency and reduce the Company's cost base, resulting in significant exceptional costs associated with restructuring charges and the clearance of old legacy system balances. It is pleasing to note that the Company produced operating cashflow of £8.7 million during the period.

On 12 February, the Group was pleased to announce that it had signed new senior debt facilities of £24 million with a five year term. The margin on this facility will be 6 per cent. above 12 month LIBOR once the debt has been reduced by £8 million. If no reduction is made then the margin will be 8 per cent. above 12 month LIBOR. Deferred consideration liabilities, stood at £8.6 million at 30 September 2009 and it is expected that this will have been paid down to below £1 million by the end of this year. Some £2.9 million of the reduction in the current year is expected to be effected by the issue of new Ordinary Shares in satisfaction of certain of the Company's deferred consideration obligations with the remainder paid in cash. Further details of this are set out below.

Annualised cost efficiencies of approximately £2.8 million have been achieved, of which approximately £1 million is included in the results for the year ending 30 September 2009. Whilst the majority of the associated exceptional costs of this streamlining fell into the year ended 30 September 2009, approximately £0.5 million of associated exceptional costs will fall in this year. The benefits of these efficiencies will continue to be felt and, although the current economic conditions mean that the Board remains cautious for the current year, the Board is encouraged that the year to date is slightly ahead of management's expectations.

### **The Placing**

The Company is proposing to raise approximately £17 million net of expenses by way of the conditional Placing to institutional and other investors, including Cap Z, by the issue of 27,713,939 new Ordinary Shares and in addition, by the issue of 25,063,838 new Non-Voting Convertible Shares to Cap Z, in each case at a price of 36 pence per share.

The following directors intend to subscribe for Placing Shares in the Placing at the Placing Price:

<i>Director Name</i>	<i>No. of Placing Shares</i>	<i>No. of Ordinary Shares held and percentage on Admission (% of Enlarged Ordinary Share Capital)</i>
David Walker	694,445	1,264,445 (1.63%)
Chris Jelf	277,778	2,439,243 (3.15%)
Alex Rowe	13,889	66,389 (0.09%)
John Harding	55,555	330,036 (0.43%)
Alex Alway	208,333	1,320,883 (1.70%)
Phil Barton	106,945	440,839 (0.57%)

The integration of the Company's major acquisitions is progressing to plan. The Board is pleased to announce that as a reflection of his continued commitment to the Company and his confidence in the strategy and expected beneficial impact of the Company's deleveraging plan, Jon Manson has agreed that all deferred consideration which has become due and payable and all deferred consideration (based on performance) which is to be agreed or determined to be due to him pursuant to the Manson Share Acquisition Agreement will be satisfied (up to a maximum of £2.8 million) in new Ordinary Shares at the Placing Price per share the remainder of the consideration will remain payable in cash.

### **The Placing Agreement**

Cenkos Securities has entered into the Placing Agreement with the Company whereby it has agreed to use its reasonable endeavours, as agent for the Company, to procure placees for the Placing Shares and to procure the subscription by Cap Z of up to 25,063,838 Non-Voting Convertible Shares. Under its placing commitment, Cap Z has agreed to subscribe for up to a maximum aggregate amount of £17 million (to the extent the Placing Shares are not subscribed for by other placees) by way of the subscription of Placing Shares and Non-Voting Convertible Shares provided that following the Placing and taking into account their purchase of the 3i Group Plc Ordinary Shares, Cap Z will hold a minimum of 25.01 per cent. but less than 30 per cent. of the Enlarged Ordinary Share Capital.

The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 15 March 2010 (or such later time and/or date as the Company and Cenkos Securities may agree, but in any event by no later than 8.00 a.m. on 31 March 2010).

The Placing Agreement contains warranties from the Company in favour of Cenkos Securities in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Cenkos Securities in relation to certain liabilities it may incur in respect of the Placing. Cenkos Securities has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties.

The Placing Shares and the Non-Voting Convertible Shares will be allotted at a price of 36p per share, which equates to 6.5p or 15.3 per cent. below the closing middle market price of an Ordinary Share on 23 February 2010, the last business day prior to the date of this document as derived from the AIM Appendix to the Daily Official List.

### ***Non-Voting Convertible Shares***

Pursuant to the amendment to the Company's existing articles of association to be proposed at the General Meeting, the Non-Voting Convertible Shares will have no rights to vote at general meetings and annual general meetings (although the holder shall have a right to receive notice of and attend such meetings) and will not be transferable save where the holder transfers its entire holding of Non-Voting Convertible Shares and simultaneously transfers the entire legal and beneficial holding of Ordinary Shares held by such holder to the same person. The Non-Voting Convertible Shares shall not be admitted to trading on AIM or any other market. No conversion of any of the Non-Voting Convertible Shares may be made if, immediately following such conversion, the holder of the Non-Voting Convertible Shares (together with any persons acting in concert as defined in the Code) are or shall become the holders of 30 per cent. or more of the entire issued voting share capital of the Company requiring the making of a mandatory offer pursuant to Rule 9 of the Code. The restriction referred to above, shall not apply in the event an offer for the share capital of the Company (as defined in the Code) is declared unconditional in all respects.

Save as referred to above, each Non-Voting Convertible Share may at any time be converted (in accordance with the articles of association to be adopted pursuant to the Resolutions) into one Ordinary Share.

Save as referred to above, the Non-Voting Convertible Shares will rank *pari passu* with the Existing Ordinary Shares.

The Company is required to make an application for any Ordinary Shares resulting from the conversion of any of the Non-Voting Convertible Shares to be admitted to trading on AIM and the Company has agreed to use all reasonable endeavours to ensure that such admission becomes effective.

### ***Settlement and dealings***

Application will be made to the London Stock Exchange Plc, for the Placing Shares to be admitted to trading on AIM. It is expected that such Admission will occur on 15 March 2010.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares. The Placing Shares and Non-Voting Convertible Shares shall have the right to receive dividends and other distributions declared following Admission.

### **Long Term Incentive Plan**

Following completion of the Placing and Subscription the Company intends to develop new employee incentive arrangements linked to the future growth in the value of the Group's business.

## **Related Party Transactions**

As referred to above Jon Manson, a director of the Company, has agreed with the Company that all the deferred consideration which has already become due to him but remains unpaid pursuant to the Manson Share Acquisition Agreement and all deferred consideration (based on performance) which is to be agreed or determined to be due to him pursuant to the Manson Share Acquisition Agreement, will be satisfied (up to a maximum of £2.8 million) by the allotment and issue of new Ordinary Shares at the Placing Price. The remainder of the consideration will remain payable in cash. By virtue of him being a Director of the Company Jon Manson is deemed to be a related party for the purposes of the AIM Rules. The Independent Directors consider, having consulted with Cenkos Securities, the Company's nominated adviser, that the terms of this related party transaction are fair and reasonable insofar as the Shareholders are concerned.

## **General Meeting**

Set out at the end of this document is a notice convening the General Meeting to be held at The Kendleshire Golf Club, Henfield Road, Coalpit Heath, Bristol, BS36 2TG at 10.30 a.m. on 12 March 2010 for the purposes of considering and, if thought fit, passing the Resolutions.

At the General Meeting the following Resolutions will be proposed:

### ***Resolution 1***

A special resolution to amend the articles of association of the Company to update the Articles in light of the provisions of the Companies Act 2006 which came into force on 1 October 2009, to clarify certain aspects of the Articles and to constitute the rights and restrictions attaching to the Non-Voting Convertible Shares. In particular, the Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the amendments of the Articles will reflect this and in addition a consequential amendment will also be made to the Memorandum of Association of the Company accordingly.

### ***Resolution 2***

An ordinary resolution, subject to the passing of Resolution 1, to give the Directors general authority to allot shares in connection with the Placing and otherwise in connection with the allotment of Ordinary Shares or the grant of rights to subscribe for or to convert any securities into shares in the Company. Such authority to be limited to:

- (i) the allotment of Ordinary Shares of up to an aggregate nominal amount of £277,139.39 (equivalent to 27,713,939 Ordinary Shares) in connection with the Placing;
- (ii) the allotment of Non-Voting Convertible Shares of up to an aggregate nominal amount of £250,638.38 (equivalent to 25,063,838 Non-Voting Convertible Shares) in connection with the Placing;
- (iii) the allotment and/or issue of Ordinary Shares upon the conversion of up to 25,063,838 Non-Voting Convertible Shares up to an aggregate nominal amount of £250,638.38 (equivalent to 25,063,838 Ordinary Shares);
- (iv) otherwise than pursuant to the foregoing, the allotment of Ordinary Shares or the grant of rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £394,873.69 (equivalent to 39,487,369 Ordinary Shares)

such authority to expire on the earlier of the conclusion of the annual general meeting of the Company in 2011 and 15 months from the date of the passing of the resolution.

### ***Resolution 3***

A special resolution, subject to the passing of Resolutions 1 and 2, to exclude statutory pre-emption rights in respect of:

- (i) the allotment of equity securities in respect of a rights issue, open offers or equivalent offers;

- (ii) the allotment of Ordinary Shares up to an aggregate nominal amount of £277,139.39 (the equivalent to 27,713,939 Ordinary Shares) in connection with the Placing;
- (iii) the allotment of Non-Voting Convertible Shares up to an aggregate nominal amount of £250,638.38 (the equivalent to 25,063,838 Non-Voting Convertible Shares) in connection with the Placing; and
- (iv) the allotment and/or issue of Ordinary Shares upon the conversion of up to 25,063,838 Non-Voting Convertible Shares into Ordinary Shares of up to an aggregate nominal amount of £250,638.38 (equivalent to 25,063,838 Ordinary Shares);
- (v) otherwise than pursuant to the foregoing, that allotment of equity securities (being Ordinary Shares only) up to an aggregate nominal amount of £158,084.81 (the equivalent to 15,808,481 Ordinary Shares)

such authority to expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2011 and 15 months from the date of the passing of the resolution.

#### **Action to be taken**

**A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Capita Registrars, PXS, PO Box 25, 34 Beckenham, Kent, BR3 4TU, as soon as possible, but in any event so as to be received by no later than 10.30 a.m. on 10 March 2010. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.**

#### **Directors' recommendation**

**The Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do so in respect of their own beneficial holdings amounting, in aggregate, to 4,630,039 Existing Ordinary Shares, representing approximately 9.29 per cent. of the existing issued share capital of the Company.**

#### **Responsibility**

**The Directors of the Company, whose names appear on page 2, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the impact of such information.**

*Yours faithfully,*

David Walker  
*Chairman*

# **Jelf Group plc**

*(Registered and incorporated in England and Wales under the Companies Act 1985 with company number 02975376)*

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at The Kendleshire Golf Club, Henfield Road, Coalpit Heath, Bristol, BS36 2TG on 12 March 2010 at 10.30 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 3 shall be proposed as special resolutions and Resolution 2 shall be proposed as an ordinary resolution:

## **Special Resolution**

1. THAT:

- (i) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification (“the Articles of Association”) be and are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of the existing Company’s articles of association; and
- (ii) the existing memorandum of association of the Company be amended by the deletion of paragraph 5.

## **Ordinary Resolution**

2. THAT, subject to the passing of Resolution 1, in substitution for all previous authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (“the Act”), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any securities into, shares in the Company, provided that such authority shall be limited to:

- (i) the allotment of ordinary shares of £0.01 each in the capital of the Company (“the Ordinary Shares”) up to an aggregate nominal amount of £277,139.39 (the equivalent of up to 27,713,939 Ordinary Shares) in respect of the Placing (as defined in the circular to which this notice is attached and was despatched to shareholders of the Company on 24 February 2010)(“Circular”);
- (ii) the allotment of non-voting convertible shares of £0.01 each in the capital of the Company with the rights and restrictions attaching thereto as set out in the Articles of Association adopted pursuant to Resolution 1 (“the Non-Voting Convertible Shares”) up to an aggregate nominal amount of £250,638.38 (the equivalent of up to 25,063,838 Non-Voting Convertible Shares) in respect of the Placing;
- (iii) the allotment and/or issue of Ordinary Shares pursuant to the conversion of up to 25,063,838 Non-Voting Convertible Shares up to an aggregate nominal amount of £250,638.38 (the equivalent of up to 25,063,838 Ordinary Shares);
- (iv) other than pursuant to sub paragraphs 2 (i), (ii) and (iii) above, the allotment of Ordinary Shares or the grant of rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £394,873.69 (the equivalent of up to 39,487,369 Ordinary Shares).

this authority shall expire on the earlier of fifteen months from the date of the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2011 unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for or to convert any securities into shares in the Company, in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

## Special Resolution

3. THAT, subject to the passing of Resolutions 1 and 2 above, in substitution for all previous powers to the extent unused, the Directors be and are hereby and unconditionally empowered pursuant to section 570 and 571 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority granted to the Directors pursuant to Resolution 2 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities in connection with a rights issue, open offer or equivalent offer in favour of the holders of Ordinary Shares and such other equity securities of the Company as the Directors may determine in which such holders are offered the right to participate in proportion (as nearly as may be) to their respective holdings of such equity securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may consider necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any recognised regulatory body or stock exchange in any territory;
  - (ii) the allotment of Ordinary Shares up to an aggregate nominal amount of £277,139.39 (the equivalent of up to 27,713,939 Ordinary Shares) in respect of the Placing;
  - (iii) the allotment of Non-Voting Convertible Shares up to an aggregate nominal amount of £250,638.38 (equivalent of up to 25,063,838 Non-Voting Convertible Shares) in respect of the Placing;
  - (iv) the allotment and/or issue of Ordinary Shares pursuant to the conversion of up to 25,063,838 Non-Voting Convertible Shares into Ordinary Shares up to an aggregate nominal amount of £250,638.38 (the equivalent of up to 25,063,838 Ordinary Shares);
  - (v) other than pursuant to sub paragraphs 3 (i), (ii), (iii) and (iv) above, the allotment of equity securities, being Ordinary Shares only, up to an aggregate nominal amount of £158,084.81 (the equivalent of up to 15,808,481 Ordinary Shares),

and this power shall expire on the earlier of fifteen months from the date of passing of this resolution and upon the conclusion of the Annual General Meeting of the Company to be held in 2011 unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

John Harding  
*Company Secretary*

24 February 2010

*Registered Office*  
Fromeforde House  
Church Road  
Yate  
Bristol BS37 5JB

Notes:

Notes to the Notice of General Meeting

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered on the Company's register of members at 6.00 p.m. on 10 March 2010 or, if this General Meeting is adjourned, 48 hours prior to the adjourned meeting, shall be entitled to attend and vote at the General Meeting.

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. Completion and return of a proxy form will not preclude you from attending and voting in person at the General Meeting should you subsequently decide to do so.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If no voting indication is given on a proxy form the proxy appointed will vote or abstain from voting at his or her discretion.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share.
7. To appoint a proxy the form must be completed and signed sent or delivered to Company's Registrars, Capita Registrars, PXS, PO Box 25, Beckenham, Kent, BR3 4TU and received by Capita Registrars no later than 10.30 a.m. on 10 March 2010.
8. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (CREST ID RA10) by 10.30 a.m. on 10 March 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Except as provided above, members who have general queries about the General Meeting should telephone the Company's Registrars Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network charges and lines are open 8.30 a.m. – 5.30 p.m. Mon-Fri).
14. You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. The following documents will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and English public holidays excluded) from the date of this Notice of the General Meeting until the date of the General Meeting and at the place of the meeting at least 15 minutes prior to the commencement of the General Meeting until its conclusion: a copy of the proposed amended Articles of Association along with a blackline version showing the amendments proposed to Resolution 1 of the Company. A copy of the proposed amended Articles of Association of the Company will also be available on the Investor Relations section of the Jelf Group website ([www.jelfgroup.com](http://www.jelfgroup.com)) on the Shareholder Information page.



