

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares of 5p each in Darby Group Plc you should at once hand this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

A copy of this document, which has been drawn up in accordance with The Public Offers of Securities Regulations 1995 ("the Regulations") and includes particulars given in compliance with the USM Rules of the London Stock Exchange for the purpose of giving information with regard to the Company, together with the Provisional Allotment Letter, will be delivered to the Registrar of Companies in England and Wales for registration as required by regulation 4(2) of the Regulations.

You should note that, in connection with the transactions and arrangements proposed in this document, Close Brothers Limited, which is regulated by the Securities and Futures Authority Limited, is acting exclusively for Darby Group Plc and no one else and will not be responsible to any other person for providing the protections afforded to customers of Close Brothers Limited nor for providing advice in relation to such transactions and arrangements.

Application will be made for the grant of permission to trade on the Unlisted Securities Market on the London Stock Exchange in the securities proposed to be issued pursuant to the Rights Issue. It is emphasised that no application has been made for these securities to be admitted to listing. It is expected that permission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence on 24th July, 1995.



DARBY GROUP PLC

(Incorporated and registered in England and Wales No. 1285055)

Rights Issue

of up to

**10,830,458 New Ordinary Shares of 5p each
at 50p per share**

The New Ordinary Shares and the Provisional Allotment Letters have not been and will not be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any State of the United States nor any province or territory of Canada, nor with the Australian Securities Commission and, accordingly, subject to certain exceptions, they may not, directly or indirectly, be offered or sold in the United States, Canada or Australia or, in the case of the Provisional Allotment Letters, renounced in favour of or to a person in the United States, Canada or Australia.

Notice convening an Extraordinary General Meeting of Darby Group Plc to be held at 11.00 a.m. on 21st July, 1995 at the offices of Darby Group Plc, Darby House, Sunningdale Road, Scunthorpe, South Humberside is set out at the end of this document. You are urged to complete and return the enclosed pre-paid pink Form of Proxy as soon as possible and, in any event, so as to be received by Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2BR no later than 11.00 a.m. on 19th July, 1995.

The latest time for acceptance and payment in full under the Rights Issue is expected to be 3.00 p.m. on 11th August, 1995. The procedure for acceptance and payment is set out in Part II of this document and will be set out in the Provisional Allotment Letter which is expected to be sent to Qualifying Shareholders on 21st July, 1995. You should retain this document for reference pending receipt of a Provisional Allotment Letter.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|---|
| Record Date for final dividend | Thursday, 29th June, 1995 |
| Record Date for entitlement to the Rights Issue | close of business on Friday, 14th July, 1995 |
| Latest time and date for receipt of the pink Forms of Proxy for the Extraordinary General Meeting | 11.00 a.m. on Wednesday, 19th July, 1995 |
| Extraordinary General Meeting | 11.00 a.m. on Friday, 21st July, 1995 |
| Despatch of Provisional Allotment Letters | Friday, 21st July, 1995 |
| Dealings in New Ordinary Shares to commence, nil paid | Monday, 24th July, 1995 |
| Latest time and date for receipt of the white forms of proxy for the Annual General Meeting | 11.00 a.m. on Wednesday, 26th July, 1995 |
| Annual General Meeting | 11.00 a.m. on Friday, 28th July, 1995 |
| Latest time and date for splitting Provisional Allotment Letters, nil paid | 3.00 p.m. on Wednesday, 9th August, 1995 |
| Latest time and date for acceptance and payment in full | 3.00 p.m. on Friday, 11th August, 1995 |
| Latest time and date for registration of renunciation | 3.00 p.m. on Friday, 18th August, 1995 |
| Definitive share certificates for New Ordinary Shares to be despatched | on or before Friday, 25th August, 1995 |

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 21st July, 1995, the expected timetable as set out above, together with the relevant dates contained in this document, will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters.

DEFINITIONS

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

| | | |
|-----------------------------|-----------|---|
| "Darby" or "Company" | | Darby Group Plc |
| "Group" or "Darby Group" | | Darby and its subsidiaries |
| "Act" | | the Companies Act 1985 (as amended) |
| "Board" or "Directors" | | the directors of the Company, whose names are set out on page 4 of this document |
| "BTG" | | Bent Tempered Glass Limited |
| "Close Brothers" | | Close Brothers Limited |
| "Extraordinary Meeting" | General | the Extraordinary General Meeting of the Company to be held at 11.00 a.m. on 21st July, 1995 or any adjournment thereof, notice of which is set out at the end of this document |
| "Form of Proxy" | | the pink Form of Proxy accompanying this document for use by Shareholders at the Extraordinary General Meeting |
| "the London Stock Exchange" | Stock | The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited |
| "New Ordinary Shares" | | up to 10,830,458 new Ordinary Shares which are proposed to be issued pursuant to the Rights Issue |
| "Official List" | | the Official List of the London Stock Exchange |
| "Ordinary Shares" | | Ordinary Shares of 5p each in the capital of Darby |
| "Provisional Letters" | Allotment | renounceable provisional allotment letters to be issued to Qualifying Shareholders by the Company in respect of the New Ordinary Shares pursuant to the Rights Issue |
| "Qualifying Shareholders" | | the holders of Ordinary Shares whose names appear on the register of members of Darby on the Record Date, subject to the exclusions described in the section headed "Overseas Shareholders" on pages 14 to 16 of Part II of this document |
| "Record Date" | | close of business on 14th July, 1995 |
| "Resolutions" | | the resolutions to be proposed at the Extraordinary General Meeting |
| "Rights Issue" | | the proposed offer by way of rights of up to 10,830,458 New Ordinary Shares, as described in this document |
| "Rights Price" | | 50p per New Ordinary Share |
| "Scheme" | | the Darby Group Plc Executive Share Option Scheme |
| "Shareholders" | | the holders of Ordinary Shares |
| "Underwriting Agreement" | | the conditional agreement dated 5th July, 1995 between, <i>inter alia</i> , Darby and Close Brothers relating to the Rights Issue, details of which are set out in paragraph 9 of Part III of this document |
| "USM" | | the Unlisted Securities Market of the London Stock Exchange |

PART I

DARBY GROUP PLC

(Incorporated and registered in England and Wales with Registered Number 1285055)

Directors:

M J Darby (Chairman and Chief Executive)
D E Boddy (Managing Director)
C M Simpson (Sales Director)
H Hardy (Non-executive)

Registered office:

Darby House
Sunningdale Road
Scunthorpe
South Humberside
DN17 2SS

5th July, 1995

To Shareholders and, for information only, to participants in the Scheme

Dear Sir or Madam,

RIGHTS ISSUE OF UP TO 10,830,458 NEW ORDINARY SHARES AT 50p PER SHARE

INTRODUCTION

Your Board announced today that the Company intends to raise approximately £5.4 million gross (£5.0 million net of expenses) by way of a rights issue of up to 10,830,458 New Ordinary Shares at 50p per share. The proceeds of the Rights Issue will be used principally to finance a programme of capital investment to which the Group is already committed, the purchase of the outstanding share capital of BTG which Darby does not already own and to reduce the Group's borrowings.

This prospectus provides you with details of the Rights Issue and explains why your Board is recommending Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to be held on 21st July, 1995, the first of which is necessary to implement the Rights Issue. The report and accounts of the Company for the year ended 28th February, 1995 are also enclosed with this prospectus.

BACKGROUND TO AND REASONS FOR THE RIGHTS ISSUE

The results for the year to 28th February 1995 confirm the establishment of a firm base for future expansion. To build on this, Darby's future strategy is increasingly to develop those areas of its business where higher margins can be achieved, either through a high level of added value within the manufacturing process or where the element of service is critical. Accordingly, your Board has determined that the Group should implement a major programme of investment in two principal areas where it has a strong market position, namely the processing of bent tempered glass and its "Rapid Delivery Service" concept, whereby customers of the regionally based manufacturing units are promised deliveries, against orders, the next working day. Having regard to Darby's existing level of borrowings and other indebtedness, which at 9th June, 1995 equated to some 93 per cent. of the Group's net assets, your Board believes that it would be appropriate for Darby to fund this investment programme through an issue of new shares and, at the same time, take the opportunity to reduce the Group's borrowings.

Darby already has an established reputation in the provision of bent tempered glass, both in the United Kingdom and in Europe, arising from its 50 per cent. shareholding in BTG. Based in Scunthorpe, BTG was formed in 1988 as a joint venture with Cattin Machines SA, a Swiss manufacturer of highly specialist machinery for the processing of tempered glass. The remaining 50 per cent. of the shares in BTG are now directly owned by Mr. Jean Jacques Cattin, the founder of Cattin Machines SA.

Since 1988, Darby has experienced considerable demand for bent tempered glass from architects and designers who have come increasingly to value its contribution to buildings design. More recently, there appears to be further demand for bent tempered glass from manufacturers of high value consumer

products, such as shower enclosures. However, the higher production runs required by such potential customers are less readily handled by the Darby Group's existing facilities.

It is the belief of your Board that the demand for bent tempered glass for construction and consumer products will continue to grow strongly, placing increasing pressure on BTG's capacity to deliver. Evidence of this demand is shown by the recently announced exclusive distribution agreement between Schollglas GmbH and Darby. This provides for Schollglas GmbH to have exclusive rights within several mainland European countries for an initial period of three and a half years to distribute a range of high value safety glass products supplied by Darby, including bent tempered glass. Accordingly, your Board has concluded that Darby should invest in the latest generation of bent tempering machinery at the Scunthorpe factory in order to increase both capacity and efficiency. The Board believes that this investment should widen Darby's product range and consolidate its position as one of the foremost producers of bent tempered glass in Europe.

Additionally, as mentioned in the annual report and accounts for the year ended 28th February, 1995, which accompany this document, Darby intends to increase the availability of its Rapid Delivery Service both to existing and new customers by broadening its geographical coverage and developing further manufacturing sites. As well as its main factory at Scunthorpe, the Group already has manufacturing sites at Barking, Gloucester, Wolverhampton and Glengarnock, in Scotland. Further sites will be suitably located in order to cover as many customers as possible while remaining mutually supportive and ensuring a continuity of supply. At the first of its new sites, Darby has taken a 15 year lease of premises in Newcastle and the site is expected to be operational by September of this year.

In view of the lead times for delivery, installation and commissioning of new plant and in anticipation of the funds being raised under the Rights Issue, contracts are in place with Cattin Machines SA for the new equipment to be delivered to Darby's Scunthorpe and Newcastle sites. After allowing for the trade-in value of two existing items of equipment, the net investment in new tempering plant already ordered amounts to approximately £2.1 million. The Board considers that, in view of the magnitude of this expenditure, the level of gearing would be unacceptably high if this were to be financed other than by an issue of equity.

In addition to this capital investment, the Board and Mr. Cattin have agreed that it would now be appropriate for Darby to acquire from Mr. Cattin the 50 per cent. shareholding in BTG which Darby does not already own. Accordingly, an agreement to this effect has been signed by the two parties with completion expected to take place following the Rights Issue becoming unconditional. The consideration for the purchase of the remaining 50 per cent. of BTG, which is payable in cash, is 1.485 million Swiss Francs (approximately £810,000). Further details of this agreement are given in paragraph 10 of Part III of this document. For the year ended 28th February, 1995, BTG recorded a profit before tax of approximately £318,000 (including the release of a longstanding credit balance of £179,000 which is no longer a liability of BTG) on turnover of £1.3 million and had net assets of £1.0 million at the year end.

The proceeds of the Rights Issue will initially be used to fund the purchase of the remaining 50 per cent. shareholding in BTG and the programme of capital investment detailed above as instalments fall due. The balance of the proceeds will be used to reduce borrowings and provide additional working capital for the Group.

PRINCIPAL TERMS OF THE RIGHTS ISSUE

A total of up to 10,830,458 New Ordinary Shares will be provisionally allotted by way of rights at 50p per New Ordinary Share to Qualifying Shareholders on the basis of

17 New Ordinary Shares for every 25 Ordinary Shares

held on the Record Date. Fractions of New Ordinary Shares will not be allotted and, where necessary, entitlements to New Ordinary Shares will be rounded down to the nearest whole number. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares, save that they will not rank for the final dividend of 1.0p (net) per Ordinary Share which the Directors are recommending in respect of the year ended 28th February, 1995, payable to Shareholders on the register on 29th June, 1995. Close Brothers is underwriting the Rights Issue and Albert E Sharp is broker to the issue.

The trustees of the M J Darby Settlement and the B J Darby Settlement have irrevocably undertaken to renounce the aggregate entitlements of those settlements to 5,201,983 New Ordinary Shares under the

Rights Issue and Close Brothers has undertaken to use its reasonable endeavours to arrange for those rights to New Ordinary Shares to be placed with institutional investors. Following the Rights Issue, the aggregate interests attributable to myself and my family under those settlements will fall from approximately 48.0 per cent. of the issued share capital of the Company to approximately 28.6 per cent..

The Rights Issue is conditional, *inter alia*, upon the following conditions being satisfied by not later than 10.00 a.m. on 24th July, 1995 (or such later time and/or date (being not later than 2nd August, 1995) as Close Brothers may agree with the Company):

- (i) the passing of Resolution No. 1 at the Extraordinary General Meeting;
- (ii) permission to trade on the USM in the New Ordinary Shares (nil paid) becoming effective; and
- (iii) the Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

Dealings in the New Ordinary Shares are expected to commence, nil paid, on Monday, 24th July, 1995. The attention of Qualifying Shareholders is drawn to the details of the terms and conditions, and the procedure for acceptance, of the Rights Issue set out in Part II of this document. Subject to the passing of Resolution No.1, Provisional Allotment Letters will be sent to Qualifying Shareholders, in respect of their entitlements to New Ordinary Shares, immediately following the Extraordinary General Meeting.

A summary of the United Kingdom taxation position of Qualifying Shareholders with regard to the Rights Issue is set out in Part II of this document. Any person who is in any doubt about his or her tax position, or who is subject to tax in jurisdictions other than the United Kingdom, should consult his or her own professional adviser.

The attention of Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom, is drawn to paragraph 6 of Part II of this document, which sets out certain rights and restrictions applicable to such Shareholders.

ADMISSION TO THE OFFICIAL LIST

As a result of the prospective closure of the USM, it is Darby's intention to seek a full listing for its shares on the London Stock Exchange. Accordingly, it is intended that an application will be made to the London Stock Exchange for Darby's issued share capital to be admitted to the Official List as soon as practicable.

BOARD CHANGES

The Board recognises that the planned expansion of the Group will place significantly greater demands on senior management and represents a substantial organisational challenge. In order to strengthen the management team, it has therefore been decided to recruit a full-time finance director to assume complete responsibility for the finance function, thereby allowing Mr. Boddy to devote his time to the role of Managing Director.

Furthermore, following the recent resignation of my wife, Mrs. B J Darby, as a Director of Darby, your Board has decided to seek to appoint a new non-executive director to the Board to provide further counsel and experience as the Group expands. A search for suitable candidates for both of these positions is currently under way and a further announcement is expected to be made in due course.

EXECUTIVE SHARE OPTION SCHEME

In accordance with the Listing Rules of the London Stock Exchange prevailing at the time the Scheme was established, there is a numerical limit on the number of shares which may be issued pursuant to the exercise of options. The limit is 1,460,000 shares. It would have been appropriate, in consequence of the Rights Issue, to increase this limit. However, as it is no longer a requirement of the Listing Rules that a numerical limit be included and since there are effective percentage anti-dilution limits already contained in the rules of the Scheme, it is proposed simply to delete the limit.

CURRENT TRADING AND FUTURE PROSPECTS

Sales in our home market have been slow to recover since the disappointing two months prior to the year end, but by May business volumes were again in line with our expectations. We expect continued modest growth in the United Kingdom, but more rapid growth in our export markets. Accordingly, we now believe that it is appropriate for us to embark upon the major expansion programme detailed above, building on the solid trading platform that we have established during the last two years.

Demand in the Group's major export markets has increased more rapidly since the year end than originally anticipated. In particular, I am pleased to have been able to announce in May that we signed an important distribution agreement with Schollglas, a German company, which could prove to be one of the most important in the history of the Group. Schollglas is a member of the Weidemann Group, one of Europe's largest glass merchanting/processing companies.

The terms of the distribution agreement give Schollglas exclusive rights to sell our products in several European countries where it is already well established, including Poland, the former Czechoslovakia, Austria, Denmark, Sweden and the former Soviet Union, as well as in Germany. In return, we expect to secure additional export sales of not less than £23 million during the three years starting in December 1995, failing which Darby will not be bound by the exclusivity arrangement and may choose to use other distribution channels. We have already established a good relationship with Schollglas, and early orders under the new contract have been very encouraging. However, the full financial benefits are not expected to accrue until the financial year ending 31st December, 1996.

We are actively pursuing other such opportunities to establish distribution agreements in other territories in order to exploit our specialist skills in niche markets to their maximum potential.

EXTRAORDINARY GENERAL MEETING

You will find at the end of this document a notice of Extraordinary General Meeting at which the following ordinary resolutions will be proposed.

Ordinary Resolution No. 1

To increase the Company's authorised share capital from £950,000 to £1,784,000 by the creation of 16,680,000 new Ordinary Shares and to authorise the Directors to allot, *inter alia*, the New Ordinary Shares.

Following the Rights Issue approximately 8,922,397 Ordinary Shares (representing 25.0 per cent. of the Company's authorised share capital, as enlarged by Resolution No. 1) will remain unissued, of which 793,000 Ordinary Shares will be reserved for the exercise of options under the Scheme. Your Directors will then have authority to allot relevant securities up to a nominal amount of approximately £446,119 representing 25.0 per cent. of the enlarged authorised share capital. Your Directors have no present intention of allotting relevant securities other than pursuant to the Rights Issue and the Scheme.

Ordinary Resolution No. 2

To amend the rules of the Scheme by deleting the numerical limit, of 1,460,000, on the number of fully paid Ordinary Shares which may be issued on the exercise of share options under the Scheme. This limit relates to a former London Stock Exchange requirement which no longer applies. The Scheme will remain subject to an effective limit, during its ten year life, on the issue of new Ordinary Shares equal to 5 per cent. of the Company's issued Ordinary Share capital from time to time, which accords with current institutional guidelines. This amendment will require the formal approval of the Board of Inland Revenue.

Your attention is drawn to the notice convening the Extraordinary General Meeting set out at the end of this document which contains the full text of the Resolutions.

ACTION TO BE TAKEN

To vote at the Extraordinary General Meeting

You will find enclosed a pink Form of Proxy for use at the Extraordinary General Meeting. Shareholders are asked to complete and return the pink Form of Proxy to Independent Registrars Group

Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2BR so as to arrive as soon as possible and, in any event, no later than 11.00 a.m. on 19th July, 1995. Completion and return of a Form of Proxy will not preclude your right to attend and vote at the Extraordinary General Meeting should you wish to do so.

In respect of the Rights Issue

No action is required at present in respect of the Rights Issue. If Resolution No. 1 is passed at the Extraordinary General Meeting, an announcement will be made and Provisional Allotment Letters giving details of entitlements to New Ordinary Shares will be posted to Qualifying Shareholders on 21st July, 1995 immediately following the Extraordinary General Meeting. To take up your entitlement in whole or in part, you must lodge your duly completed Provisional Allotment Letter by 3.00 p.m. on the latest date for acceptance and payment in full, which is expected to be 11th August, 1995.

Overseas Shareholders

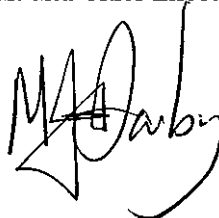
The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are residents of countries other than the United Kingdom is drawn to the section headed "Overseas Shareholders" on pages 14 to 16 of Part II of this document.

RECOMMENDATION

Your Directors consider that the Rights Issue is in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting (whether or not you intend to take up New Ordinary Shares under the Rights Issue) as they intend to do in respect of the beneficial shareholdings in their names, consisting of 24,531 Ordinary Shares in aggregate, representing 0.2 per cent. of the Company's present issued ordinary share capital. In addition, the trustees of the M J Darby Settlement and the B J Darby Settlement, who hold in aggregate 7,650,000 Ordinary Shares, representing 48.0 per cent. of the Company's present issued share capital, have irrevocably undertaken to vote in favour of the Resolutions.

Yours faithfully,

M J Darby
Chairman and Chief Executive

A handwritten signature in black ink, appearing to read 'M J Darby', is written over the printed name and title.

PART II

TERMS OF THE RIGHTS ISSUE

1. Terms and conditions of the Rights Issue

Subject to the fulfilment of the conditions referred to below, Darby will raise approximately £5.0 million, net of expenses, through a Rights Issue of up to 10,830,458 New Ordinary Shares at 50p per New Ordinary Share. The New Ordinary Shares are being offered by way of rights to Qualifying Shareholders on the following basis and otherwise as set out herein:

17 New Ordinary Shares for every 25 Ordinary Shares

held at the close of business on Friday, 14th July, 1995 and so in proportion for any other number of Ordinary Shares then held.

New Ordinary Shares representing fractional entitlements will not be allotted to Qualifying Shareholders and, where necessary, entitlements to New Ordinary Shares will be rounded down to the nearest whole number.

The attention of overseas Shareholders is drawn to paragraph 6 below.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares now in issue, save that they will not be entitled to the final dividend of 1.0p (net) which the Directors are recommending in respect of the year ended 28th February, 1995.

Application has been made to the London Stock Exchange for the grant of permission to trade on the USM in the New Ordinary Shares. Subject to such permission being granted and becoming effective, dealings in the New Ordinary Shares are expected to commence, nil paid, on 24th July, 1995.

The Rights Issue is conditional upon, *inter alia*, fulfilment of the following conditions by 10.00 a.m. on 24th July, 1995, or such later time and/or date (not being later than 2nd August, 1995) as Close Brothers and the Company may agree:—

- (a) the passing of Resolution No. 1 at the Extraordinary General Meeting;
- (b) the Underwriting Agreement having become unconditional and not having been terminated; and
- (c) permission to trade in the New Ordinary Shares (nil paid) on the USM becoming effective.

The issue of the New Ordinary Shares has been fully underwritten by Close Brothers. Under the terms of the Underwriting Agreement, further details of which are set out in paragraph 9 of Part III of this document, Close Brothers has certain rights to terminate the Underwriting Agreement, if, *inter alia*, the Company has breached its warranties or undertakings.

2. Action to be taken

(a) *Provisional allotment letters*

Subject, *inter alia*, to the passing of Resolution No. 1 at the Extraordinary General Meeting and save as provided in paragraph 6 below, it is intended that Provisional Allotment Letters in respect of New Ordinary Shares will be posted to Qualifying Shareholders at their own risk on 21st July, 1995.

The Provisional Allotment Letters will set out the holding of Ordinary Shares on which Qualifying Shareholders' entitlements to New Ordinary Shares have been based, the aggregate number of New Ordinary Shares which have been provisionally allotted and the procedure to be followed if Qualifying Shareholders wish to dispose (whether before or after payment of the Rights Price) of all or part of their entitlement. The Provisional Allotment Letter will also include instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

(b) *Acceptance and payment by original allottees and renouncees*

Qualifying Shareholders who wish to take up their entitlement, in whole or in part, must return the Provisional Allotment Letter, together with a remittance for the full amount payable

on acceptance, in accordance with the instructions printed thereon, by hand or by post in the reply paid envelope to be sent out together with the Provisional Allotment Letter, to Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, so as to arrive not later than 3.00 p.m. on 11th August, 1995. If you post your Provisional Allotment Letter within the United Kingdom by first class post you are recommended to allow at least two days for delivery.

All subscription monies must be in sterling and cheques or banker's drafts should be made payable to "Independent Registrars Group Limited A/C Darby Group Plc" and crossed "Account payee". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom, Channel Islands or Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS and Town Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Cheques or banker's drafts will be presented for payment upon receipt. The Directors reserve the right to instruct Independent Registrars Group Limited to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due. It is a term of the Rights Issue that cheques shall be honoured at first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured.

At Close Brothers' discretion, the New Ordinary Shares comprised in any Provisional Allotment Letter may be treated as having been validly taken up by 3.00 p.m. on 11th August, 1995, if the completed Provisional Allotment Letter and the remittance for the full amount payable in respect thereof are received through the post by not later than 10.00 a.m. on the next day, the cover bearing a legible postmark not later than 3.00 p.m. on 11th August, 1995, or if the required remittance is received prior to 3.00 p.m. on 11th August, 1995 from an authorised person (as defined in the Financial Services Act 1986) specifying the New Ordinary Shares concerned and accompanied by an undertaking to lodge the relevant Provisional Allotment Letter duly completed in due course.

The Company may (in its sole discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instruction or is not accompanied by a valid power of attorney where required.

If the value of your application exceeds £10,000 (or is one of a series of linked applications, the aggregate value of which exceeds that amount) the verification of identity requirements of the Money Laundering Regulations 1993 (the "Money Laundering Regulations") will apply. Independent Registrars Group Limited is entitled to require, in its absolute discretion, verification of identity from any person lodging a Provisional Allotment Letter (the "applicant"), including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to Independent Registrars Group Limited to be acting on behalf of some other person. Submission of a Provisional Allotment Letter will constitute a warranty and undertaking by the applicant to provide promptly to Independent Registrars Group Limited such information as may be specified by it as being required for the purpose of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Independent Registrars Group Limited as to identity, Independent Registrars Group Limited may, in its absolute discretion, retain a Provisional Allotment Letter lodged by an applicant for New Ordinary Shares and/or the cheque or other remittance relating thereto and/or not enter the New Ordinary Shares to which it relates on the register of members or issue any share certificate in respect of them.

The following guidance is provided in order to reduce the likelihood of difficulties, delays and potential rejection of an application (but does not limit the right of Independent Registrars Group Limited to require verification of identity as stated above):

1. Applicants are urged if possible to make their payment by their own cheque. If this is not practicable and an applicant uses a cheque drawn by a building society or other third party or a banker's draft, the applicant should:
 - (i) write the applicant's name and address on the back of the building society cheque, banker's draft or other third party cheque and, in the case of individuals, record their date of birth against their name; and

- (ii) if a building society cheque or banker's draft is used, ask the building society or bank to endorse on the cheque the full name and account number of the person whose building society or bank account is being debited.
- 2. If an application is delivered by hand and the accompanying payment is not the applicant's own cheque, applicants should ensure that they have with them evidence of identity bearing their photograph, for example, a valid full passport.

If you are making an application as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution then, irrespective of the value of the application, Independent Registrars Group Limited is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. Applicants making such an application as agent should specify on the Provisional Allotment Letter if they are a United Kingdom or European Union regulated person or institution (for example a bank or broker).

Verification of identity is a requirement of the Money Laundering Regulations and applicants should note that failure to provide verification of identity may result in delays to the despatch of documents or the return of application monies.

All enquiries in relation to the Provisional Allotment Letter should be addressed to Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ.

(c) Dealings in nil paid rights

Subject, *inter alia*, to the passing of Resolution No. 1 and the grant of permission to trade on the USM in the New Ordinary Shares, nil paid, becoming effective, dealings in the New Ordinary Shares are expected to commence, nil paid, on 24th July, 1995.

(d) Renunciation and splitting

When trading commences, a Qualifying Shareholder originally entitled to a provisional allotment of New Ordinary Shares who wishes to transfer all the New Ordinary Shares comprised in a Provisional Allotment Letter may (save as required by the laws of certain foreign jurisdictions) renounce such allotment by completing and signing Form X on such letter and handing the entire letter to the transferee or to the broker or bank who acts for such holder in the transaction. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form. The latest time and date for registration of renunciation is 3.00 p.m. on 18th August, 1995.

If Qualifying Shareholders wish to have only some of their provisional allotment of New Ordinary Shares registered in their name and to transfer the remainder, or wish to transfer all the New Ordinary Shares but to different persons, they may have the letter split, for which purpose they or their agent must complete and sign Form X on such letter. The letter must then be lodged by hand or by post with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ by not later than 3.00 p.m. on 9th August, 1995, to be cancelled and exchanged for the split letters required. The number of split letters required and the number of New Ordinary Shares to be comprised in each should be stated in an accompanying letter. Form X on split letters will be marked "Original Duly Renounced" before issue.

(e) Registration in the names of persons originally entitled

Qualifying Shareholders originally entitled to a provisional allotment of New Ordinary Shares who wish to have all such New Ordinary Shares registered in their names must accept and make payment for such allotment in accordance with the provisions set out in the Provisional Allotment Letter.

(f) Registration in names of persons other than Qualifying Shareholders originally entitled

Renouncees or their agents must complete Form Y on the Provisional Allotment Letter and lodge the entire letter by hand or by post with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ by not later than 3.00 p.m. on 18th August, 1995. After such time, the New Ordinary Shares will be in registered form and will only be transferable by written instrument of transfer in the usual or common form (or such other form as the Directors may approve). Registration cannot be effected unless the letter is fully paid.

Renouncees or their agents will be required to warrant that they are not applying as nominee or agent for a person who is or may be liable to stamp duty or stamp duty reserve tax under any of Sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services).

(g) Share certificates and transfers

The New Ordinary Shares will, following the latest date for registration of renunciation, be issued in registered form on definitive share certificates. Share certificates are expected to be despatched by first class post on or before 25th August, 1995 to the persons entitled thereto.

After 25th August, 1995, Provisional Allotment Letters will cease to be valid for any purpose whatsoever and, pending the issue of definitive share certificates, instruments of transfer will be certified by Independent Registrars Group Limited against lodgement of fully paid Provisional Allotment Letters and/or, in the case of renounced Provisional Allotment Letters, against registration receipts stamped by Independent Registrars Group Limited.

(h) Posting

All documents and cheques sent to or by the allottees or their renouncees (or their agents, as appropriate) will be posted at their risk.

3. Procedures in respect of rights not taken up

If payment in full for an entitlement to New Ordinary Shares is not received by 3.00 p.m. on 11th August, 1995, in accordance with the procedure laid down for acceptance and payment, or such later time as may be permitted under paragraph 2(b) above, then that provisional allotment will be deemed to have been declined and will lapse. Close Brothers will instruct Albert E Sharp to use its reasonable endeavours to procure, by not later than 4.30 p.m. on 14th August, 1995, subscribers for such New Ordinary Shares if a premium over the aggregate of the Rights Price and the expenses of procuring subscribers (including any value added tax thereon) can be obtained. It will be a term of such subscription that such premium shall be paid to the original provisional allottee, subject to the terms of this paragraph 3. New Ordinary Shares for which subscribers are procured on this basis will be re-allotted to such subscribers and the premium (being the amount paid by such subscribers after deducting the Rights Price and the expenses of procuring subscribers including any value added tax thereon) will be paid (without interest) to those provisional allottees who have not taken up their entitlements *pro rata* to their lapsed provisional allotments, save that amounts of less than £3.00 will not be so paid but will be aggregated and retained for the benefit of the Company.

Any transactions undertaken pursuant to this paragraph 3 shall be deemed to have been undertaken at the request of such Shareholders and neither the Company nor Close Brothers nor Albert E Sharp nor any person procuring such subscribers shall be responsible for any loss arising from the terms or timing of any such subscription. Cheques for the amount due will be sent at the risk of provisional allottees, who have not taken up their rights, to their registered addresses (or to the registered address of the first named in the case of joint holders). If subscribers cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by Close Brothers or sub-underwriters at the Rights Price.

4. The Scheme

Holders of options under the Scheme are not entitled to participate in the Rights Issue. In accordance with the rules of the Scheme, the number of Ordinary Shares in respect of which options granted under the Scheme may be exercised and/or the price at which Ordinary Shares may be acquired by the exercise of such options may be adjusted, subject to certain restrictions and any necessary prior approval of the Inland Revenue, to take account of the terms of the Rights Issue in such manner as the Board (having obtained confirmation in writing from the auditors of the Company that in their opinion the adjustments proposed are fair and reasonable) may decide. In due course, holders of options under the Scheme will be sent an explanatory letter regarding any such adjustments.

5. Taxation

The following statements are intended only as a general guide to the position under current United Kingdom law and practice and may not apply to certain classes of Shareholders, such as dealers in securities. Shareholders who are in any doubt as to their tax position are strongly recommended to consult their professional tax adviser immediately.

DARBY GROUP PLC

payable in full on acceptance not later than 3.00 p.m. on 11th August, 1995.

Latest time and date for:

Splitting, nil paid

Registration of renunciation and acceptance and payment in full

**Definitive Share certificates
expected to be despatched by**

(1) Holding of existing issued Ordinary Shares at the close of business on 14th July, 1995

**(2) Number of
New Ordinary Shares
provisionally allotted to you**

(3) Amount payable on acceptance of all the New Ordinary Shares provisionally allotted to you at 50p per New Ordinary Share

Dear Sir or Madam,

Dear Sir or Madam, 21st July, 1995

1. We refer to the Prospectus and to the Rights Issue of up to 10,830,458 New Ordinary Shares at 50p per share referred to therein. In accordance with the terms and conditions set out in the Prospectus and in the Rights Issue Offer Document, we have the pleasure to inform you that the Rights Issue has been successfully completed and the new shares have been issued to the successful applicants. The new shares have been issued to the successful applicants in accordance with the terms and conditions set out in the Prospectus and in the Rights Issue Offer Document. The new shares have been issued to the successful applicants in accordance with the terms and conditions set out in the Prospectus and in the Rights Issue Offer Document.

FORM 1 REGISTRATION AFFILIATION FORM

To the Directors of Darby Group Plc

In the event of renunciation this Form must be completed by or on behalf of the person(s) in whose name(s) the New Ordinary Shares are to be registered. This form should not be completed in the name(s) of the original allottee(s). By returning this form you warrant that you are not applying as nominee or agent for a person who is, or may be, liable to stamp duty or stamp duty reserve tax under any of Sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services).

| Total number of Letters | Total number of New Ordinary Shares |
|-------------------------|-------------------------------------|
| | |

| | |
|---|--|
| <p>FULL name(s) (stating title, if any, or whether Mr, Mrs, or Miss) and full postal address(es) including postal code) of the person(s) in whose name(s) the New Ordinary Shares are to be registered.</p> | <p>PLEASE COMPLETE IN BLOCK CAPITALS</p> |
|---|--|

I/We request registration in the above name(s) of the New Ordinary Shares specified in this Letter (and in the Letters (if any) detailed in the Consolidation Listing Form) totalling New Ordinary Shares, subject to the Memorandum and Articles of Association of the Company.

* Insert the number of New Ordinary Shares which must be the number of New Ordinary Shares specified in this Letter or, if the Consolidation Listing Form is used, the total entered in that Form.

| | |
|--|--|
| <p>Stamp or name and address of agent (if any) lodging this Form</p> | <p>Serial number of Principal Letter</p> |
|--|--|

NOTHING TO BE WRITTEN IN THIS SPACE

(4) For use between 11th August, 1995 and 24th August, 1995 (see paragraph 4 overleaf). Lodged with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ in exchange for share certificates by:

Name:

Address:

Note to be completed only if share certificates are to be sent to a third party.

in all respects with the existing issued Ordinary Shares, save that they will not be entitled to the final dividend of 1p (net) which the Directors are recommending in respect of the year ended 28th February, 1995, payable to Shareholders on the register on 29th June, 1995. You may accept all or any number of the New Ordinary Shares offered to you hereunder or dispose of your right to any or all of them.

2. **ACCEPTANCE AND PAYMENT** — If you wish to accept this provisional allotment, this Letter must be lodged, by hand or by post, with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, accompanied by the appropriate remittance for the full amount due shown in Box (3) above, so as to arrive not later than 3.00 p.m. on 11th August, 1995. This Letter will then be appropriately receipted and returned to the person making the payment who, unless he is the original allottee, must complete the agent's box at the foot of this page. Payment will constitute acceptance of the provisional allotment upon the terms contained in the Prospectus and this Letter. If this Letter, accompanied by the appropriate remittance, is not so lodged by 3.00 p.m. on 11th August, 1995, this provision for the provisional allotment will, subject to and in accordance with the terms of the Rights Issue as set out in the Prospectus, be deemed to have been declined, in which event it will lapse. Close Brothers will, acting as agent for the Company, use its reasonable endeavours to procure subscribers for any New Ordinary Shares not taken up until 4.30 p.m. on 14th August, 1995 if a premium over the aggregate of the allotments, by cheque to the provisional allottees who have not taken up their entitlements, except that amounts of less than £3.00 per entitlement will be retained for the benefit of the Company. Neither the Company nor Close Brothers nor any other person procuring such subscribers shall be liable for any loss arising from any alleged insufficiency of the subscription price or the timing of such subscription. The Company reserves the right to have cheques and banker's drafts presented on receipt and to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. A Letter may be treated by the Company (in its sole discretion) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. A not accompanied by a valid power of attorney where required. At Close Brothers' discretion, the Company reserves the right (but shall not be obliged) to accept applications in respect of which the Provisional Allotment Letter and the remittance for the full amount payable in respect thereof are received through the post by not later than 10.00 a.m. on 12th August, 1995 the envelope bearing a legible post mark not later than 3.00 p.m. on 11th August, 1995, or in respect of which remittances are received prior to 3.00 p.m. on 11th August, 1995 from an authorised person (as defined in the Financial Services Act 1986) specifying the New Ordinary Shares concerned and including or accompanied by an undertaking to lodge the relevant Letter from a Provisional Allotment Letter duly completed in due course or to accept Provisional Allotment Letters.

By returning this Letter, you undertake to provide such evidence of identity (to be determined at the discretion of Independent Registrars Group Limited) by 3.00 p.m. on 11th August, 1995 as may be requested by or on behalf of the Company to ensure compliance with the Money Laundering Regulations 1993 (if applicable).

Cheques and banker's drafts should be made payable to "Independent Registrars Group Limited A/C Darby Group Plc" and crossed "Account payee". No interest will be allowed on payments made before they are due.

Return of this Letter with the appropriate remittance will constitute a warranty that the remittance will be honoured on first presentation. The Company may elect to treat as invalid any acceptances in respect of which cheques are notified to it or its agent as not having been so honoured. All payments must be made in pounds sterling, and cheques and banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom, Channel Islands or Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS and Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for the members of any of those companies or those committees and must bear the appropriate sort code in the top right hand corner.

3. **RENUNCIATION, SPLITTING AND REGISTRATION** — The last date for registration of renunciation is 11th August, 1995 (and not 18th August, 1995, as stated in the Prospectus). Further instructions, which are to be regarded as part of this Letter, as to how to deal with this Letter are set out overleaf and should be studied carefully.

4. **SHARE CERTIFICATES** — In the case of original allottees who accept their provisional allotment, definitive certificates in respect of New Ordinary Shares are expected to be despatched by 25th August, 1995 by Independent Registrars Group Limited by post to the registered holder for, in the case of joint holders, the first named holder at his registered address. If between 11th August, 1995 and 24th August, 1995 (inclusive) this Letter, fully paid, is lodged by post with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, with the lodging agent's name and address inserted in Box (4) at the bottom of page 2, the share certificate will be despatched to the lodging agent. Where a provisional allotment has been renounced, definitive share certificates will be sent to the person lodging this Letter for registration. All certificates will be despatched by post at the risk of the person(s) entitled thereto. After 23rd August, 1995, this Letter will cease to be valid for any purpose whatsoever.

5. **TRANSFERS** — In respect of all transfers of New Ordinary Shares fully paid after 3.00 p.m. on 11th August, 1995 and pending issue of definitive certificates representing New Ordinary Shares, Independent Registrars Group Limited will certify transfers against fully paid duly receipted Letters.

6. **STAMP DUTY AND STAMP DUTY RESERVE TAX** — Please refer to the section headed "Taxation" in paragraph 5 of Part II of the Prospectus.

7. **OVERSEAS SHAREHOLDERS** — The attention of shareholders who are citizens or residents of countries other than in the United Kingdom or who are holding shares for the benefit of such persons is drawn to this paragraph and to the section headed "Overseas Shareholders" in paragraph 6 of Part II of the Prospectus. Acceptance and payment under this Letter will constitute a representation and warranty that the person entitled to the same is legally able to accept in his or her favour (as the case may be).

The Company reserves the right to treat as invalid any acceptance of the allotment of New Ordinary Shares comprised in this Letter where it appears to the Company or its agents to have been executed or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or which does not include the warranty set out above.

Registered office:
Darby House,
Sunningdale Road, Scunthorpe,
South Humberside DN17 2SS

By Order of the Board
B Dovey
Secretary

Name and address of paying agent
(if this box is not completed, this Letter
will be returned to the person(s) named above)

Received the amount payable on
acceptance

Darby Group Plc

The Directors have been advised as follows on the basis of United Kingdom law presently in force and current Inland Revenue practice:—

(a) Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will normally be payable on the issue of Provisional Allotment Letters or split allotment letters or on the issue of definitive share certificates or on the registration of the original holders of Provisional Allotment Letters or their renounees unless such holders are persons to whom the depositary or clearance service charge may apply.

Where rights to New Ordinary Shares represented by a Provisional Allotment Letter (whether or not fully paid) are sold (for money or money's worth) on or before the last date for registration of renunciation, the purchaser will generally be liable to stamp duty tax reserve tax normally at the rate of 50p per £100 (or part of £100) of the consideration paid (except in the case of certain sales to market-makers, broker-dealers and charities).

The transfer or sale of New Ordinary Shares or of rights to New Ordinary Shares after the last date for registration of renunciation will normally incur *ad valorem* stamp duty or (if an unconditional agreement to transfer such New Ordinary Shares is not completed by a duly stamped transfer within two months of the date of that agreement) stamp duty reserve tax, generally in each case at the rate of 50p for every £100 (or part of £100) of the consideration paid (except in the case of certain sales to market-makers, broker-dealers and charities).

Liability to pay any stamp duty or stamp duty reserve tax is generally that of the transferee or purchaser.

(b) Taxation of capital gains

The following paragraphs are intended as a general guide for persons holding their Ordinary Shares as investments and not as trading stock.

For the purposes of United Kingdom taxation on capital gains:—

- (i) Shareholders should not be treated as making a disposal of all or part of their holdings of Ordinary Shares or any rights attached to them by reason of taking up all or part of their rights to New Ordinary Shares;
- (ii) any New Ordinary Shares subscribed under the Rights Issue by a holder of Ordinary Shares should, together with the original holding of Ordinary Shares, be treated as a single asset acquired on the date of acquisition of the original holding, the base cost of which will be the amount paid for the original holding together with the amount paid for the New Ordinary Shares;
- (iii) for the purpose of calculating a Shareholder's indexation allowance on a subsequent disposal, the expenditure incurred in subscribing for the New Ordinary Shares will be treated as incurred by reference to the time when the Shareholder makes or becomes liable to make payment of the subscription monies for the New Ordinary Shares; and
- (iv) depending on a Shareholder's circumstances, a liability to United Kingdom taxation may be incurred if:—
 - (a) all or some of the rights to subscribe for the New Ordinary Shares or the New Ordinary Shares themselves are sold or otherwise disposed of; or
 - (b) the rights to subscribe for the New Ordinary Shares are allowed to lapse and a cash payment is received in respect thereof.

However, if the proceeds resulting from a lapse or disposal of the rights to subscribe for New Ordinary Shares are small (which the United Kingdom Inland Revenue currently regard as less than five per cent. of the market value on the date of lapse or disposal of the original holding in respect of which the rights arose), the United Kingdom Inland Revenue may direct that the Shareholder should not be treated as making a disposal for the purposes of United Kingdom tax on chargeable gains. The proceeds received would then be deducted from the base cost of his holding of Ordinary Shares.

Shareholders who are not resident or ordinarily resident in the United Kingdom for tax purposes will not normally be liable to United Kingdom tax on chargeable gains unless any such Shareholder carries on

a trade, profession or vocation in the United Kingdom through a branch or agency and the shares in respect of which the gain arose were used or held for the purposes of that branch or agency.

(c) Dividends other than foreign income dividends

The following summary assumes that the Company will not elect for any of its dividends to be treated as foreign income dividends. The Company has no present intention of making such an election.

Under current United Kingdom taxation legislation, no tax is withheld by the Company from dividend payments but when it pays a dividend the Company is liable to account to the United Kingdom Inland Revenue for advance corporation tax ("ACT") at a current rate of one quarter of the dividend paid. ACT paid by the Company can be set against the Company's liability to corporation tax or that of its United Kingdom tax resident subsidiaries, subject to certain limits and restrictions.

A United Kingdom resident individual Shareholder will be entitled to a tax credit in respect of any dividend received equal to 20 per cent. of the combined amount of the dividend and the tax credit ("the grossed up dividend"). Liability to United Kingdom tax is calculated on the sum of the dividend and the tax credit which will be regarded as the top slice of the individual's income. The tax credit will be available to offset such Shareholder's liability (if any) to income tax on the grossed up dividend. Shareholders who are liable to tax at the lower or basic rate only should be liable to income tax at the lower rate (currently 20 per cent.) on the grossed up dividend. The tax credit should therefore discharge that liability and such Shareholders should have no further liability to tax on their dividends. A Shareholder liable to income tax at the higher rate will be liable to income tax (at the rate of 40 per cent.) on the grossed up dividend, but will be able to offset the tax credit (of 20 per cent.) against such liability.

In appropriate cases, the tax credit attaching to a dividend may be reclaimed in cash from the United Kingdom Inland Revenue. Special transitional rules apply to Shareholders which are charities (and certain other specified bodies or associations within Section 80 Finance Act 1993) in respect of dividends paid before 6th April, 1997.

A United Kingdom resident corporate Shareholder will not normally be liable to United Kingdom taxation on a dividend received and should be able to treat the dividend and the associated tax credit as franked investment income.

Whether or not Shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the United Kingdom Inland Revenue of a proportion of the tax credit in respect of any dividends received depends, in general, upon the provisions of any double taxation convention which exists between such countries and the United Kingdom. Individual Shareholders who are resident for tax purposes in countries other than the United Kingdom but who are either Commonwealth citizens or citizens of the Republic of Ireland or fall into certain categories of person within Section 278 of the Income and Corporation Taxes Act 1988 are entitled to a tax credit which they may set off against their total United Kingdom income tax liability or, in appropriate cases, reclaim in cash. Shareholders who are resident for tax purposes in jurisdictions other than the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received and as to whether or not they are entitled to reclaim any part of the tax credit and, if so, the procedure for claiming payment and what relief or credit may be claimed in respect of such tax credit in their own jurisdictions.

The above comments are intended only as a general guide to the current position. Persons who are in any doubt as to their tax position should consult their own professional advisers.

6. Overseas Shareholders

(a) Availability of documents

In accordance with Section 90(5) of the Act, the offer by way of rights to Qualifying Shareholders who have no registered address within the United Kingdom, and who have not supplied to the Company an address within the United Kingdom for the giving of notices, will be made (subject to the passing of Resolution No. 1 at the Extraordinary General Meeting) by the Company publishing a notice in the London Gazette (which it expects to do on 21st July, 1995) stating where copies of this document and the Provisional Allotment Letter may be inspected or obtained on personal application by or on behalf of such Shareholders. However, in order to facilitate acceptance of the offer by way of rights made to such

Shareholders by virtue of such publication, Provisional Allotment Letters will also be posted to overseas Shareholders (other than as stated below). Accordingly, such Shareholders may accept the offer by way of rights either by returning the Provisional Allotment Letters posted to them in accordance with the instructions set out therein or (subject to surrendering the original Provisional Allotment Letters so posted to them) by obtaining copies thereof, as set out in the notice in the London Gazette, from Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, and returning them in accordance with the instructions set out therein.

(b) General

The making of the offer by way of rights to persons resident in, or who are citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities (including the payment of any issue, transfer or other taxes due in such jurisdiction) to enable them to take up their rights.

Accordingly, persons receiving a Provisional Allotment Letter should not, in connection with the Rights Issue, distribute or send it in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If Provisional Allotment Letters are received by any persons in any such territory (or by the agents or nominees of such persons), they must not seek to take up the New Ordinary Shares or renounce such Provisional Allotment Letters. Any person who does forward a Provisional Allotment Letter into any such territory (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 6.

No persons receiving a copy of this document and/or a Provisional Allotment Letter in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to them, nor should they in any event use such a Provisional Allotment Letter, unless in the relevant territory such an invitation or offer could lawfully be made to them and the Provisional Allotment Letter could lawfully be used without contravention of any registration or other legal requirements. In such circumstances the Provisional Allotment Letter is to be treated as sent for information only.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in any Provisional Allotment Letter which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the securities laws of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of definitive share certificates for New Ordinary Shares in the United States, Canada or Australia or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

Save as set out in paragraphs (c) and (d) below, the provisions of paragraph 3 above will apply generally to overseas Shareholders who are unable to take up New Ordinary Shares provisionally allotted to them.

Overseas Shareholders who wish and are permitted to take up their entitlement should note that payments must be made in pounds sterling.

(c) United States and Canada

The New Ordinary Shares and the Provisional Allotment Letters have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state of the United States and the relevant exemptions have not been and will not be obtained from the securities commissions of any province or territory of Canada. Accordingly, subject to certain exceptions, neither the New Ordinary Shares nor the Provisional Allotment Letters may be offered, sold, delivered, renounced or transferred, directly or indirectly, in the United States or in Canada or for the account or benefit of a United States person (as defined in Regulation 5 under the Securities Act) at any time except pursuant to the terms of an applicable exemption under the Securities Act and applicable State securities laws. Accordingly, this document is being sent to Qualifying Shareholders with a registered address in the United States or Canada for information purposes only and should not be copied or redistributed by them and does not constitute an offer for, or an invitation to subscribe for or to purchase, any New Ordinary Shares in the United States or in Canada and no Provisional Allotment Letter will be sent to any Shareholder whose registered address is in the United States or Canada. Provisional Allotment Letters sent from or post-marked in the United States or Canada will be deemed to

be invalid and all persons subscribing for New Ordinary Shares must provide addresses outside the United States and Canada for the return of definitive certificates. The Company reserves the right to reject any Provisional Allotment Letter (or renunciation thereof) that appears to the Company or its agents to have been executed in or despatched from the United States or Canada, or that provides an address in the United States or Canada for the delivery of definitive certificates for New Ordinary Shares pursuant to the Rights Issue.

Notwithstanding the above, New Ordinary Shares may be allotted to certain sophisticated investors in the United States at the sole discretion of Darby and Close Brothers, under restrictions designed to preclude a distribution that would require registration under the Securities Act.

(d) Australia

This document has not been lodged with or registered by the Australian Securities Commission. Accordingly, no person may directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell the New Ordinary Shares or distribute any document (in draft or definitive form) in connection with any such offer, invitation or sale in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such corporation or entity located outside Australia).

No offer of New Ordinary Shares is being made under this document or the Provisional Allotment Letter to Shareholders who are in or a resident of Australia. Accordingly, neither this document nor the Provisional Allotment Letter will be sent to Qualifying Shareholders with registered addresses in Australia. In this document Australia means the Commonwealth of Australia, its territories and possessions.

(e) South Africa

In order to comply with South African law, Provisional Allotment Letters sent to Shareholders with registered addresses in South Africa will not be renounceable. Such Qualifying Shareholders may require the approval of the South African Exchange Control authorities if they wish to take up their rights.

(f) Republic of Ireland

The attention of Shareholders resident in the Republic of Ireland is drawn to the Irish Exchange Control Regulations applicable to holders of United Kingdom securities. If such Shareholders wish to take up their rights they must consult an approved agent in the Republic of Ireland (i.e. a banker, stockbroker or solicitor) to ensure that they obtain the necessary permission to enable them to do so.

The above comments are intended only as a general guide. Persons who are in any doubt as to their eligibility to accept a Provisional Allotment Letter should consult their own professional advisers.

PART III

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and functions are set out on page 4, all of Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS, accept responsibility for this document. The Company also accepts responsibility for this document.

To the best of the knowledge of the Company and the Directors the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

2. Incorporation and registration

The Company was incorporated in England and Wales on 4th November, 1976 with the name Michael J. Darby (Holdings) Limited under the Companies Act 1948 as a private company limited by shares with registered number 1285055. On 8th September, 1988 the name of the Company was changed to Darby Group Limited. On 26th September, 1988 the Company was re-registered as a public limited company under the Act with the name Darby Group Plc. The liability of the shareholders of the Company is limited. The Company is the holding company of the Group.

3. Share capital of Darby

- (i) The following table shows the authorised and issued share capital of Darby at present and as it will approximately be following the Rights Issue:

| <i>Ordinary Shares</i> | | | | <i>Authorised</i> | | <i>Issued and fully paid</i> | |
|------------------------|----|----|----|-------------------|------------|------------------------------|------------|
| | | | | £ | Number | £ | Number |
| Present | .. | .. | .. | 950,000 | 19,000,000 | 796,357 | 15,927,145 |
| Proposed | .. | .. | .. | 1,784,000 | 35,680,000 | 1,337,880 | 26,757,603 |

- (ii) As at the date of this document, the following options over Ordinary Shares had been granted, in each case for a consideration of £1, under the Scheme, to Directors and full time employees of the Group:

| <i>Date of grant</i> | | <i>Number of shares</i> | <i>Exercise price</i> | <i>Normal exercise date</i> | |
|----------------------|----|-------------------------|-----------------------|-----------------------------|-----------|
| | | | | <i>From</i> | <i>To</i> |
| November 1988 | .. | 2,000 | 115p | 31.10.91 | 31.10.98 |
| July 1993 | .. | 791,000 | 35p | 22.7.96 | 22.7.2003 |

Except in accordance with the Scheme, no share or loan capital of Darby or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

4. Memorandum and Articles of Association

- (i) The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as dealers and manufacturers in glass. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the addresses specified in paragraph 12 below.

(ii) Voting rights

Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company save where provided otherwise by the terms of issue of the shares they hold, or the provisions of the Articles of Association of the Company. Subject to any special terms as to voting upon which any shares may have been issued, or may for the time being be held, on a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him.

No member shall, unless the Directors otherwise determine, be entitled to be present or to vote either in person or by proxy at any general meeting or upon any poll if any call or other moneys due and payable by him in respect of shares remains unpaid or if he or any person appearing to be interested in shares held by him has been duly served with a notice pursuant to Section 212 of the Act and (a) is in default in supplying to the Company the information thereby required, within 28 days after the service of such notice or such longer period as is specified for compliance, or has made a false or misleading statement in purported compliance with such notice; and (b) has not remedied such default within 14 days of the service of a further notice requiring him to do so.

(iii) Variation of class rights

If at any time the capital is divided into different classes of shares, all or any of the rights and privileges attached to any class of shares may be varied in such manner (if any) as may be provided by such rights or (in the absence of any such provision) either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class, but not otherwise. Every such separate general meeting shall be convened as nearly as possible in the same way as an extraordinary general meeting but so that the necessary quorum at every such meeting shall be two persons holding or representing by proxy at least one-third of the nominal value of the issued shares of the relevant class. Any holder of shares of the relevant class present in person or by proxy may, in writing, demand a poll and at any adjourned meeting of such holders the quorum is one person holding shares of the class in question. The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided) be deemed to be a variation of the rights of such shares.

(iv) *Transfer of shares*

The instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a partly paid share, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers shall be effected by instrument in the usual common form or any other form which the Directors shall approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of any share which is not fully paid. The Directors may likewise refuse to register any transfer in favour of more than four persons jointly or any transfer of a share on which the Company has a lien. Every instrument of transfer must be in respect of only one class of share, and must be left at the registered office accompanied by the certificate for the shares and any other evidence the Directors may require to show the title of the intending transferor. The registration of transfers may be suspended by the Directors at such time and for such periods as they may from time to time determine (not exceeding 30 days in any year).

(v) *Dividends and distributions on liquidation to shareholders*

(a) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the rights of any persons entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

(b) The Directors may from time to time declare and pay an interim dividend to the members.

(c) No dividend shall be paid otherwise than in accordance with the provisions of the Act. Any dividend unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

(d) On a liquidation, the liquidator may, with the authority of an extraordinary resolution of the Company, divide amongst the members in kind the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any property to be so divided and determine how such division shall be carried out between members or classes of members.

5. Working capital

The Directors are of the opinion that, after taking into account the net proceeds from the Rights Issue and available bank facilities, the Group has sufficient working capital for its present requirements.

6. Indebtedness

At the close of business on 9th June, 1995 the Darby Group had outstanding secured bank loans of £2,235,645, secured overdrafts of £1,369,021, guaranteed bank loans of £864,346 and hire purchase and leasing commitments and other guarantees of £2,264,705. In addition, outstanding performance guarantees to customers and other guarantors amounted to £585,654.

Save as disclosed above, and apart from intra-Group indebtedness, at the close of business on 9th June, 1995 neither Darby nor any member of the Darby Group had any loan capital created but not issued, term loans (whether or not guaranteed or secured) including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, obligations under finance leases, hire purchase commitments, mortgages, charges, guarantees or other contingent liabilities.

7. Directors' and other interests

(i) The interests of the Directors and their families together with connected persons, as defined by Section 346 of the Act, in the share capital of Darby as at 4th July, 1995 (being the latest practicable date prior to the publication of this document), which have been notified to Darby pursuant to Section 324 or Section 328 of the Act or are required to be entered in the register maintained under the provisions of Section 325 and Schedule 13 of the Act, are set out below:

| <i>Directors</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of existing issued share capital</i> | <i>Number of options</i> |
|---------------------|--|--|------------------------------|
| M J Darby | 7,650,000 | 48.03 | 330,000 |
| D E Boddy | 19,100 | 0.12 | 112,000 |
| C M Simpson | 1,250 | 0.01 | 110,000 |
| H Hardy | 4,181 | 0.03 | — |

Notes:

1. Mr. M J Darby's interest includes 3,824,999 Ordinary Shares held by the trustees of a settlement made by his wife, Mrs. B J Darby, who also holds 110,000 of the options shown against Mr. M J Darby's name. Also included are 3,825,001 Ordinary Shares held by the trustees of a settlement made by Mr. M J Darby.
2. In addition to the above, 20,000 Ordinary Shares are held jointly by Mr. M J Darby, Mrs. B J Darby and David Booler & Co. as trustees of the Darby Group Directors Pension Fund, the sole beneficiaries of which are Mr. M J Darby and Mrs. B J Darby.

Following the Rights Issue the interests of the Directors equivalent to those disclosed above are expected to be as follows:

| <i>Directors</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of issued share capital following the Rights Issue</i> |
|---------------------|--|--|
| M J Darby | 7,650,000 | 28.59 |
| D E Boddy | 19,100 | 0.07 |
| C M Simpson | 2,100 | 0.01 |
| H Hardy | 7,024 | 0.03 |

- (ii) In addition to the Directors' holdings in (i) above, as at the close of business on 4th July, 1995 (being the latest practicable date prior to the publication of this document) Darby had been notified of the following holdings of three per cent. or more of the issued Ordinary Share capital of Darby:

| <i>Shareholders</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of existing issued share capital</i> |
|--|--|--|
| Norwich Union Life Insurance Society and Norwich Union | | |
| Pensions Management Limited | 2,466,667 | 15.49 |
| County NatWest Investment Management Limited | 1,047,942 | 6.58 |
| Sun Alliance Investment Management Limited | 820,119 | 5.15 |
| Premium Life Investment Service Limited | 804,708 | 5.05 |

Save as disclosed above, the Directors are not aware of any person who is interested, directly or indirectly, in three per cent. or more of the issued share capital of Darby or of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

- (iii) No Director has, or has had, any interest, direct or indirect, in any assets which, during the two years immediately preceding the date of this document, have been or are proposed to be acquired by, disposed of or leased to Darby or any of its subsidiaries.
- (iv) Mr. H Hardy is a consultant to the firm of Burton & Dyson, the Company's solicitors, which will receive fees of £25,000 in connection with the proposals described in this document. During the year ended 28th February, 1995, the firm received fees of £46,000 in respect of the provision of general legal services to the Company, including Mr. Hardy's services as a non-executive director of Darby.

Save as disclosed above, none of the Directors has any material interest in any contract or arrangement subsisting at the date of this document and which is significant in relation to the business of the Group taken as a whole.

8. Directors' service agreements

There are no service contracts between any Director and any member of the Group, other than those which have previously been made available for inspection and which have not been subsequently varied.

The aggregate remuneration payable and benefits in kind to be granted to the Directors in the ten months ending 31st December, 1995 are estimated, on the basis of current arrangements, to amount to £251,404.

9. Underwriting Agreement

The Company and Close Brothers have entered into an underwriting agreement dated 5th July, 1995, whereby Close Brothers has agreed, subject to the conditions specified therein, to underwrite the issue of up to 10,830,458 New Ordinary Shares at the Rights Price. Close Brothers will receive:

- (i) a commission of 1.25 per cent. of the aggregate value at the Rights Price of the New Ordinary Shares and a commission of 0.75 per cent. of the aggregate value at the Rights Price of such number of the New Ordinary Shares to be placed for which Close Brothers are not able to procure placees (the "Relevant Placed Shares");
- (ii) if the Underwriting Agreement becomes unconditional, a further commission of 0.75 per cent. of the aggregate value at the Rights Price of the New Ordinary Shares other than the New Ordinary Shares in respect of which Close Brothers has agreed to use its reasonable endeavours to procure placees (the "Underwritten Shares"); and
- (iii) a further commission of 0.125 per cent. of the aggregate value at the Rights Price of the Underwritten Shares and the Relevant Placed Shares for each period of 7 days or part thereof (if any) in excess of the period of 30 days from the date of the Underwriting Agreement during which the underwriting obligation remains in force.

In addition, Close Brothers will be entitled to a documentation and advisory fee. All commissions are payable together with any applicable VAT and out of such commissions Close Brothers will pay any sub-underwriting commissions and a fee to Albert E Sharp for its services as broker to the Rights Issue.

The Underwriting Agreement contains certain representations, warranties and indemnities from the Company in favour of Close Brothers and provisions entitling Close Brothers to terminate its obligations for material breach of warranty prior to the posting of the Provisional Allotment Letters. The Underwriting Agreement is conditional, *inter alia*, upon the passing of Resolution No. 1, on the grant of permission to trade on the USM in the New Ordinary Shares becoming effective by not later than 10.00 a.m. on 24th July, 1995 (or such later time and/or date not later than 2nd August, 1995 as Close Brothers may agree with the Company) and on Close Brothers not having exercised any rights to terminate its obligations under the Underwriting Agreement. Close Brothers is entitled, with the agreement of the Company, to waive any of the conditions of the Underwriting Agreement.

The trustees of the M J Darby Settlement and the B J Darby Settlement have irrevocably undertaken to the Company and to Close Brothers to renounce their entitlements to New Ordinary Shares in respect of their holdings of Ordinary Shares and, accordingly, Close Brothers has agreed to use its reasonable endeavours to arrange for these shares to be placed with institutional investors.

10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business), have been entered into by the Darby Group during the two years preceding the publication of this document and are or may be material:

- (i) an agreement dated 5th July, 1995 made between Mr. Jean Jacques Cattin (1) and the Company (2) whereby the Company has agreed to purchase the remaining 50 per cent. of the issued share capital of BTG which it does not already own for a

consideration of 1,485,000 Swiss Francs payable in cash on completion. Completion is expected to take place following the Rights Issue becoming unconditional; and

- (ii) the Underwriting Agreement, details of which are set out in paragraph 9 above.

11. General

(i) Material changes

Save as disclosed on page 7 of this document, there has been no significant change in the financial or trading position of the Darby Group since 28th February, 1995, the date to which the last audited financial statements were prepared.

(ii) Litigation

BTG has received a claim for £309,000 (plus costs and interest) from Harmon Contract UK Limited ("Harmon") in respect of glass supplied by BTG in 1993 to the value of approximately £250,000. The statement of claim, which was served on 31st May, 1995, alleges that the damage which occurred to certain of the glass panels supplied amounted to a breach of contract by BTG. The Directors are of the opinion that BTG has fully complied with its obligations to Harmon under the said contract and that the glass supplied met the agreed specifications. The Directors have resolved to defend these proceedings and are of the opinion that, on the facts known at present, it would not be appropriate to make any provision in respect of the substantive claim from Harmon, although the Company will continue to incur costs arising from the investigation and the defence of the proceedings.

Save as described above, there are no legal or arbitration proceedings active, pending or threatened against or being brought by any member of the Group which are having or may have a significant effect on the financial position of the Company.

(iii) Expenses

The expenses of and incidental to the proposals set out in this document, including underwriting commissions, the London Stock Exchange fees, professional fees and the costs of printing and distributing this document, are estimated to amount to approximately £425,000 (inclusive of VAT) and are payable by the Company.

(iv) Close company

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988 and is expected to remain so following the Rights Issue.

(v) Ordinary Share prices

Set out below are the average prices of business done in dealing in Ordinary Shares on the first business day of each of the months from February, 1995 to July, 1995 and 3rd July, 1995, being the last practicable date prior to the posting of this document, as derived from the Unlisted Securities Market Appendix to the London Stock Exchange Daily Official List. Where no trades are recorded on a given day, the table shows the average of the marked bargains on the most recent prior business day on which trades were recorded.

| 1995 | Share price |
|----------------------|---------------------------|
| 1st February | 85p (26th January, 1995) |
| 1st March | 78p (22nd February, 1995) |
| 3rd April | 70p |
| 1st May | 75p |
| 1st June | 72p |
| 3rd July | 67p (29th June, 1995) |

(vi) Minimum subscription

The minimum amount which, in the opinion of the Directors, must be raised is as follows:

| | £'000 |
|--|-------|
| Acquisition of BTG | 810 |
| Acquisition of new plant | 2,200 |
| Preliminary expenses and commissions in connection with the Rights Issue | 425 |
| Working capital and reduction of borrowings | 1,980 |
| | <hr/> |
| | 5,415 |

The Company may fund all or part of the acquisition of the outstanding share capital of BTG by means of a short term bridging facility and may also fund all or part of the acquisition of new plant by means of hire purchase contracts or leases. To the extent that the Company obtains such alternative finance, the resulting additional indebtedness would be repaid from the proceeds of the Rights Issue.

Save as disclosed above, no amounts due in respect of any of the above matters are to be provided otherwise than out of the proceeds of the Rights Issue.

12. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (public holidays excepted) from the date of this document up to and including 21st July, 1995 at the Company's registered office at Darby House, Sunningdale Road, Scunthorpe, South Humberside DN17 2SS and at the offices of Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA:

- (i) the Memorandum and Articles of Association of Darby;
- (ii) the audited consolidated accounts of Darby for the years ended 28th February, 1994 and 28th February, 1995;
- (iii) the rules of the Scheme; and
- (iv) the material contracts referred to in paragraph 10 above.

5th July, 1995

DARBY GROUP PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Darby Group Plc ("Darby" or the "Company") will be held at the offices of the Company on 21st July, 1995 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION

1. THAT,
 - (a) the authorised share capital of the Company be and it is hereby increased from £950,000 to £1,784,000 by the creation of an additional 16,680,000 new Ordinary Shares of 5p each to rank *pari passu* in all respects with the existing Ordinary Shares of 5p (save that they will not be entitled to the final dividend of 1.0p (net) which the Directors of the Company are recommending in respect of the year ended 28th February, 1995); and
 - (b) the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £987,642, provided that this authority shall:
 - (i) (unless previously revoked or renewed) expire 5 years from the date of the passing of this resolution; and
 - (ii) allow and enable the Directors of the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities (as defined above) to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of any such offers or agreements up to the maximum amount permitted by this resolution as if the authority conferred hereby had not expired; and
 - (iii) replace the authority conferred upon the Directors of the Company pursuant to Special Resolution 1 passed at the Annual General Meeting of the Company held on 30th June, 1994.

ORDINARY RESOLUTION

2. THAT, in accordance with Rule 15.1.2 of the rules of the Company's Executive Share Option Scheme (the "Scheme"), the proposed amendments to the Scheme described in the Chairman's letter to Shareholders contained in Part 1 of the prospectus dated 5th July, 1995 be and they are hereby approved and the Directors of the Company be and they are hereby authorised to carry the same into effect in such manner as they shall consider expedient and in such form as may be necessary to maintain approval of the Scheme by the Inland Revenue.

5th July, 1995

BY ORDER OF THE BOARD

B. Dovey
Secretary



Registered Office:
Darby House
Sunningdale Road
Scunthorpe
South Humberside
DN17 2SS

Notes:

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. The pink Form of Proxy for use at the Meeting is enclosed.
- (ii) To be valid the pink Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof) must be deposited at or posted to the office of the Company's registrars, Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2BR, to be received not later than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- (iii) Completion and return of a Form of Proxy will not preclude a member from attending or voting at the Meeting.