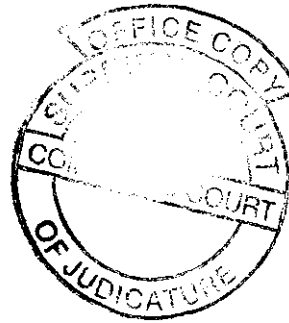


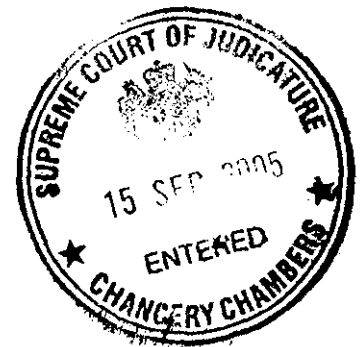
**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

MR. JUSTICE ^{DAVID} RICHARDS

Thursday the 15th day of September, 2005



No. 4848 of 2005



IN THE MATTER OF PHS GROUP PLC

and

IN THE MATTER OF THE COMPANIES ACT 1985

UPON THE PETITION of the above-named PHS Group plc (hereinafter called the Company)

AND UPON HEARING Counsel for the Company

AND UPON READING the documents recorded on the Court File as having been read

AND the Associated Shareholders (as defined in the Scheme of Arrangement hereinafter sanctioned) by Counsel for the Company being their Counsel for the purpose of submitting and undertaking to be bound by the Scheme of Arrangement hereinafter sanctioned and undertaking to execute all such documents and do all such acts and things as may be necessary or desirable to be executed or done by them for the purpose of giving effect thereto

THE COURT HEREBY SANCTIONS the Scheme of Arrangement set forth in the First Schedule hereto

AND THE COURT CONFIRMS the reduction of the capital of the Company by the cancellation of the Cancellation Shares (as defined in the Scheme of Arrangement hereinafter sanctioned) resolved on and effected by a Special Resolution passed at an Extraordinary General Meeting of the Company held on 25 August 2005

AND THE COURT APPROVES the Minute set forth in the Second Schedule hereto

AND IT IS ORDERED that this Order be produced to the Registrar of Companies and that an Office Copy be delivered to him together with a copy of the said Minute

AND IT IS ORDERED that notice of the registration by the Registrar of Companies of this Order (so far as it confirms the reduction of the capital of the Company) and of the said Minute be published once in the Times newspaper within 21 days after such registration

Co number : 3805412
Filed by Allen & Overy PJWS/AJFC

79016-00007 CO:2219442.1

1



AND THIS COURT DIRECTS pursuant to section 139(2) of the said Act that the Registrar of Companies do register this Order notwithstanding that it has the effect of bringing the nominal value of the allotted share capital of the Company below the authorised minimum.

M ff LD

THE FIRST SCHEDULE BEFORE REFERRED TO
(Scheme of Arrangement)

Part 3

THE SCHEME OF ARRANGEMENT

No. 4848 of 2005

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

**IN THE MATTER OF PHS GROUP PLC
AND IN THE MATTER OF THE COMPANIES ACT 1985**

SCHEME OF ARRANGEMENT

(under Section 425 of the Companies Act 1985)

between

PHS GROUP PLC

and

THE HOLDERS OF SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

Act	the Companies Act 1985 (as amended);
Associated Shareholders	Norfolk Acquisition, persons acting in concert with Norfolk Acquisition, Robert Mackenzie, Peter Cohen and John Skidmore, together with any other person whom the Company is advised would constitute a separate voting class for the purposes of the Court Meeting;
Business Day	a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the City of London;
Cancellation Shares	Scheme Shares other than the Loan Note Elected Shares;
Capital Reduction	the proposed reduction of capital of the Company in connection with the Scheme;
Cash Consideration	the cash consideration payable by Norfolk Acquisition for the Scheme Shares under clause 2 of this Scheme;
certificated or in certificated form	a share which is not in uncertificated form (that is, not in CREST);
Company or PHS	PHS Group plc, a public company incorporated in England and Wales with registered number 3805412;
Court	the High Court of Justice in England and Wales;

Court Meeting	the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 425 of the Act to consider and, if thought fit, approve the Scheme, including any adjournment thereof;
Court Order	the order of the Court sanctioning the Scheme under section 425 of the Act and confirming the reduction of share capital of PHS pursuant to the Scheme under section 137 of the Act;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);
CRESTCo	CRESTCo. Limited;
Effective Date	the date on which this Scheme becomes effective in accordance with clause 7 of this Scheme;
Final Dividend	the final dividend for the year ended 31 March 2005 of 1.36 pence per Ordinary Share, payable on 31 August 2005 to holders of Ordinary Shares on the register at the close of business on 5 August 2005;
holder	a registered holder, including any person entitled by transmission;
Loan Notes	the floating rate guaranteed unsecured loan notes to be issued by Norfolk Acquisition pursuant to the Loan Note Alternative;
Loan Note Alternative	the alternative whereby holders of Scheme Shares (other than Restricted Overseas Shareholders) may elect to receive, subject to the terms and conditions set out in the Scheme, Loan Notes instead of all or part of the Cash Consideration to which they would otherwise be entitled under the Scheme;
Loan Note Elected Shareholders	holders of the Loan Noted Elected Shares;
Loan Note Elected Shares	Scheme Shares (if any) in respect of which: (a) valid elections have been made under the Loan Note Alternative in accordance with its terms; and (b) Loan Notes are to be issued in accordance with the Loan Note Alternative;
Loan Note Instrument	the instrument constituting the Loan Notes;
Members	members of the Company on the register of members at any relevant date;
Norfolk Acquisition	Norfolk Acquisition plc, a company incorporated in England and Wales with registered number 5384799;
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company;
Restricted Overseas Shareholder	a person (including any individual, partnership, unincorporated syndicate, limited liability company, unincorporated association, trust, trustee, executor, administrator or other legal representative) in, or resident in, Australia, Canada, Japan or the United States;

Scheme	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;
Scheme Record Time	6.00 p.m. on the Business Day immediately preceding the Effective Date;
Scheme Shares	<p>(i) the Ordinary Shares in issue at the date of this Scheme;</p> <p>(ii) any Ordinary Shares issued after the date of this Scheme and before the Voting Record Time; and</p> <p>(iii) any Ordinary Shares issued at or after the Voting Record Time and before 6.00 p.m. on the day before the date on which the Court Order is made, in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by this Scheme,</p> <p>in each case other than any Ordinary Shares beneficially owned by Norfolk Acquisition;</p>
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
Voting Record Time	6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the second day before the day of such adjourned meeting;

and references to clauses are to clauses of this Scheme.

- (B) At the date of this Scheme, the authorised share capital of the Company is £69,500,000 divided into 695,000,000 Ordinary Shares, of which, as at 28 July 2005, 507,473,470 have been issued and are credited as fully paid and the remainder are unissued.
- (C) As at the date of this Scheme, Norfolk Acquisition owns five Ordinary Shares.
- (D) The Associated Shareholders, as at the date of this Scheme, own or control 7,532,328 Ordinary Shares in aggregate.
- (E) The Associated Shareholders have agreed to appear by counsel on the hearing of the petition to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by them for the purpose of giving effect to this Scheme.

THE SCHEME

1. Cancellation of the Cancellation Shares

- 1.1 The issued share capital of the Company shall be reduced by cancelling and extinguishing the Cancellation Shares.
- 1.2 Subject to and forthwith upon the said reduction of capital taking effect:
- 1.2.1 the authorised share capital of the Company shall be increased to its former amount by the creation of such number of Ordinary Shares as is equal to the number of Cancellation Shares cancelled pursuant to clause 1.1 above; and

1.2.2 the reserve arising in the books of account of the Company as a result of the said reduction of capital shall be capitalised and applied in paying up in full at par the Ordinary Shares created pursuant to clause 1.2.1 of this Scheme, which shall be allotted and issued credited as fully paid to Norfolk Acquisition and/or its nominee(s).

2. Consideration for cancellation of the Cancellation Shares

In consideration for the cancellation of the Cancellation Shares and the allotment and issue of the Ordinary Shares as provided in clause 1 of this Scheme, Norfolk Acquisition shall (subject as hereinafter provided) pay to or for the account of the holders of Cancellation Shares (as appearing in the register of members of the Company at the Scheme Record Time):

for each Cancellation Share

115 pence in cash

Holders of Ordinary Shares on the register at the close of business on 5 August 2005 will continue to be entitled to receive the Final Dividend of 1.36 pence per Ordinary Share.

3. Loan Note Alternative

3.1 Conditional upon and subject to clause 4.1 of this Scheme, if any holder of Scheme Shares other than a Restricted Overseas Shareholder shall have made a valid election under the Loan Note Alternative in respect of all or some only of his holding of Scheme Shares, then his Loan Note Elected Shares shall be transferred to Norfolk Acquisition or as it may direct and in consideration for the transfer and subject to the remaining provisions of this clause 3, Norfolk Acquisition shall issue to such Loan Note Elected Shareholder (as appearing in the register of members of the Company at the Scheme Record Time) Loan Notes on the following basis:

for each £1 of Cash Consideration

1 Loan Note of £1 nominal value

provided that:

- (i) the Loan Note Alternative shall not be available to Restricted Overseas Shareholders;
- (ii) the Loan Note Alternative will be limited to £15 million in nominal value of Loan Notes and to the extent that holders of Scheme Shares seek to elect for a number of Loan Notes in excess of this level, elections will be scaled back *pro rata*; and
- (iii) if valid elections for the Loan Note Alternative have not been received in respect of at least £3 million in nominal value by 3.00 p.m. on 13 September 2005, no Loan Notes will be issued (unless the board of directors of Norfolk Acquisition determines otherwise), in which event all those persons who have elected for Loan Notes will receive Cash Consideration as stated above.

3.2 The Loan Notes shall be issued and credited as fully paid and in amounts and integral multiples of £1 nominal value. Each Loan Note Elected Shareholder's aggregate entitlement to Loan Notes will be rounded down to the nearest pound and the balance of any consideration due under the Loan Note Alternative will be disregarded and not paid.

3.3 The election referred to in clause 3.1 of this Scheme shall be made by the completion and delivery of a form of election in accordance with the instructions thereon. The instructions, terms, authorities and provisions contained in or deemed to be incorporated in the form of election constitute part of the terms of this Scheme.

3.4 The Loan Notes will be constituted by the Loan Note Instrument in the form already prepared and initialled for the purpose of identification by Lovells, with such non-material modifications or additions, if any, as may, prior to the execution thereof, be agreed between PHS and Norfolk Acquisition.

3.5 The provisions of this clause 3 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holder of Scheme Shares who is a Restricted Overseas Shareholder or otherwise, Norfolk Acquisition is advised that the allotment or

issue of Loan Notes pursuant to this clause would or may infringe the laws of any jurisdiction outside the United Kingdom or would or may require Norfolk Acquisition to observe any governmental or other consent or any registration, filing or other formality, Norfolk Acquisition may determine that the Loan Note Alternative shall not be available to such holder.

4. Acquisition of Loan Note Elected Shares

4.1 The transfer of Loan Note Elected Shares and the issue of Loan Notes to holders of Loan Note Elected Shares will be subject to, and conditional upon, the:

4.1.1 cancellation of the Cancellation Shares becoming effective in accordance with clause 1.1 of this Scheme; and

4.1.2 issue to Norfolk Acquisition and/or its nominee(s) of all of the new Ordinary Shares, and the registration of such new Ordinary Shares in the name of Norfolk Acquisition and/or its nominee(s), as provided in clause 1.2 of this Scheme.

4.2 With effect from the date on which the conditions of clause 4.1 of this Scheme are satisfied, Norfolk Acquisition shall acquire all the Loan Note Elected Shares (if any) fully paid with full title guarantee, free from all liens, equities, charges, encumbrances and other interests but together with all rights at the Effective Date or thereafter attached thereto including the right to receive and retain all dividends and other distributions announced, declared, or paid on or after 7 July 2005 save that holders of Loan Note Elected Shares (as with all holders of Ordinary Shares) will be entitled to receive and retain the Final Dividend. In consideration therefor, Norfolk Acquisition shall issue the Loan Notes to the Loan Note Elected Shareholders in accordance with clause 3.1 of this Scheme.

4.3 To give effect to transfers in accordance with clause 3.1 of this Scheme, any person may be appointed by the Company to execute as transferor an instrument of transfer of, or give any instructions to transfer, any Loan Note Elected Shares and every instrument or instruction of transfer so executed or instruction so given shall be as effective as if it had been executed or given by the holder or holders of the Loan Note Elected Shares thereby transferred.

5. Payments

5.1 As soon as practicable after the Effective Date and, in any event, no later than fourteen days from the Effective Date, Norfolk Acquisition shall:

5.1.1 in the case of Cancellation Shares which at the Scheme Record Time were in certificated form, despatch or procure the despatch to the persons entitled thereto, or as they may direct, in accordance with the provisions of clause 5.2, cheques and/or warrants for the sums payable to them respectively in accordance with clause 2 of this Scheme; or

5.1.2 in the case of Cancellation Shares which at the Scheme Record Time are in uncertificated form, ensure that an assured payment obligation in respect of the sums payable to the persons entitled thereto is created in accordance with the CREST assured payment arrangements PROVIDED that Norfolk Acquisition reserves the right to make payment of the said consideration by cheque and/or warrant as aforesaid if, for any reason, it wishes to do so;

5.1.3 issue Loan Notes to all Loan Note Elected Shareholders to which it is required to allot and issue Loan Notes pursuant to clause 3.1 of this Scheme, register the Loan Note Elected Shareholders as holders of the Loan Notes so issued with effect from the date on which the conditions of clause 4.1 of this Scheme are satisfied, and deliver certificates therefor to such Loan Note Elected Shareholders.

5.2 All deliveries of cheques and/or warrants and certificates for Loan Notes required to be made pursuant to this Scheme shall be effected by posting the same day by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time (or such other address as may be notified by the

relevant Scheme Shareholders to the Company before such time), or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding at such time and neither Norfolk Acquisition nor the Company shall be responsible for any loss or delay in the transmission of cheques and/or warrants and certificates for Loan Notes sent in accordance with this clause 5.2 which shall be sent at the risk of the person entitled thereto. All such cheques and warrants shall be made in pounds sterling and drawn on, or issued by, a branch of a clearing bank in the United Kingdom.

- 5.3 All cheques and warrants shall be made payable to, and all certificates for Loan Notes will be issued in the name of, the person to whom, in accordance with the foregoing provisions of this clause, the envelope containing the same is addressed and the encashment of any such cheque or warrant shall be a complete discharge to Norfolk Acquisition for the monies represented thereby. In respect of payments made through the CREST system, Norfolk Acquisition shall ensure that an assured payment obligation is created in accordance with the CREST assured payment arrangements. The creation of such an assured payment arrangement shall be a complete discharge of Norfolk Acquisition's obligations under this Scheme with reference to payments made through the CREST system.
- 5.4 The provisions of this clause 5 shall be subject to any prohibition or condition imposed by law.

6. Certificates

With effect from and including the Effective Date:

- 6.1 all certificates representing Cancellation Shares shall cease to have effect as documents of title to the Cancellation Shares comprised therein and every holder of Cancellation Shares shall be bound at the request of the Company to deliver up the same to the Company or as it may direct; and
- 6.2 CRESTCo shall be instructed to cancel the entitlements to Cancellation Shares of holders of Cancellation Shares in uncertificated form and appropriate entries will be made in the Company's register of members with effect from the Effective Date to reflect their cancellation.

7. The Effective Date

- 7.1 This Scheme shall become effective in accordance with its terms as soon as an office copy of the Court Order shall have been delivered to the Registrar of Companies in England and Wales for registration and registered by him.
- 7.2 Unless this Scheme shall become effective on or before 30 September 2005 or such later date, if any, as Norfolk Acquisition and the Company may agree and the Court may allow, this Scheme shall never become effective.

8. Modification

Norfolk Acquisition and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

Dated 1 August 2005

THE SECOND SCHEDULE BEFORE REFERRED TO
(Minute approved by the Court)

The capital of PHS Group plc was by virtue of a Special Resolution and with the sanction of the High Court of Justice dated 15 September 2005 reduced from £69,500,000 divided into 695,000,000 ordinary shares of 10 pence each to £18,700,025.80 divided into 187,000,258 ordinary shares of 10 pence each. By virtue of said Special Resolution and a Scheme of Arrangement sanctioned by the said Order the capital of the Company has been increased to its former amount of £69,500,000 by the creation of 507,999,742 ordinary shares of 10 pence each.

Accordingly, the share capital of the Company upon the registration of this Minute is £69,500,000 divided into 695,000,000 ordinary shares of 10 pence each, 507,999,747 of which have been issued and are fully paid or credited as fully paid and the remainder are unissued.

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

Mr. Justice Richards

15 September, 2005

IN THE MATTER OF PHS GROUP PLC

and

**IN THE MATTER OF THE COMPANIES ACT
1985**

ORDER
sanctioning Scheme of Arrangement
and confirming Reduction of Capital

Allen & Overy LLP
One New Change
London
EC4M 9QQ

Solicitors to the Company

Tel: 020 7330 3030
Ref: PJWS/CLLC