

# Creston...

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

## **Creston plc**

(incorporated and registered in England and Wales under number 210505)

### **Notice of Annual General Meeting**

Notice of the Annual General Meeting of the Company to be held at the offices of Olswang LLP at 90 High Holborn, London WC1V 6XX on 5 September 2011 commencing at 12 noon is set out at the end of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

## **PART I**

### **Creston plc**

(incorporated and registered in England and Wales under number 210505)

#### **Registered Office:**

30 City Road  
London  
EC1Y 2AG

29 July 2011

To the holders of Ordinary Shares

### **Notice of Annual General Meeting**

Dear Shareholder,

I am pleased to be writing to you with details of our Annual General Meeting ('AGM') which we are holding at the offices of Olswang LLP at 90 High Holborn, London, WC1V 6XX on 5 September 2011 commencing at 12 noon. The formal notice of Annual General Meeting is set out on page 2 of this document.

If you would like to vote on the resolutions but cannot come to the Meeting, please fill in the proxy form enclosed with this notice and return it to our registrars as soon as possible. Alternatively, you may appoint a proxy electronically via [www.capitashareportal.com](http://www.capitashareportal.com) or, if you hold your shares in CREST, through the CREST system. The registrars must receive your proxy appointment by 12 noon on 3 September 2011.

#### **Business of the meeting**

Explanatory notes on all the business to be considered at this year's AGM appear on pages 6 to 7 of this document.

#### **Appointment and Retirement of Directors**

In accordance with the requirements of the articles of association for the retirement of Directors by rotation and in accordance with the Board's decision to adopt early, the FRC's guidance to FTSE 350 companies that all Directors be subject to annual re-election, all Directors of the Company are standing for re-election. Shareholders are being asked to approve the re-election of all Directors, other than Malcolm Wall who has resigned after taking up a full time overseas executive position.

#### **Final dividend**

In addition to the other business, shareholders are being asked to approve a final dividend of 2.25 pence per ordinary share for the year ended 31 March 2011. If they approve the recommended final dividend, it will be paid on 12 September 2011 to all ordinary shareholders who were on the Register of Members at close of business on 5 August 2011.

#### **Recommendation**

The Board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours sincerely,

Chairman

## PART II

### Creston plc

#### Notice of Annual General Meeting

Notice is hereby given that the 2011 Annual General Meeting of Creston plc ('Creston') will be held at the offices of Olswang LLP at 90 High Holborn, London, WC1V 6XX on 5 September 2011 at 12 noon. You will be asked to consider and pass the resolutions below. Resolutions 1 to 11 (inclusive) are ordinary resolutions and resolutions 12 to 14 (inclusive) will be proposed as special resolutions.

##### Ordinary business

1. To receive, approve and adopt the Company's Annual Report and Accounts for the financial year ended 31 March 2011, together with the Report of the Directors and the Auditors' Report on those accounts.
2. To receive and approve the Directors' Remuneration Report for the financial year ended 31 March 2011 together with the Auditor's Report on it set out in the Annual Report and Accounts for the year ended 31 March 2011.
3. To reappoint PricewaterhouseCoopers LLP as Auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
4. To authorise the Directors to determine the remuneration of the Auditors.
5. To declare a final dividend for the year ended 31 March 2011 of 2.25 pence per ordinary share to those shareholders on the register at the close of business on 5 August 2011.
6. To re-elect David Marshall as a director retiring by rotation in accordance with the Company's articles of association.
7. To re-elect Barrie Brien as a director retiring by rotation in accordance with the Company's articles of association.
8. To re-elect Don Elgie as a director retiring by rotation in accordance with the UK Corporate Governance Code.
9. To re-elect Andrew Dougal as a director retiring by rotation in accordance with the UK Corporate Governance Code.
10. To re-elect David Grigson as a Director retiring by rotation in accordance with the UK Corporate Governance Code.

##### Special business

###### 11. THAT:

11.1. the Directors of the Company be generally and unconditionally authorised under section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights'):

11.1.1. up to an aggregate nominal amount of £2,042,832; and

11.1.2. comprising equity securities (as defined in section 560(1) of the Companies Act 2006), up to a further aggregate nominal amount of £2,042,832 in connection with an offer by way of a rights issue to:

11.1.2.1. ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

11.1.2.2. holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions and other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and

11.2. such authority shall expire (unless previously revoked by the Company) on the earlier of 15 months from the date of the Annual General Meeting at which this resolution is passed and the conclusion of the next Annual General Meeting of the Company and in each case the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority has expired and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that this authority has expired; and

11.3. all previous authorities to allot shares or grant Rights, to the extent unused, shall be revoked.

12. **THAT:**

12.1. subject to the passing of resolution 11, the Directors shall have the power to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash under the authority conferred by resolution 11 or by way of a sale of treasury shares as if section 561 of the Companies Act 2006 did not apply to the allotment and this power shall be limited to:

12.1.1. the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under paragraph 11.1.2 of resolution 11, by way of a rights issue only) to or in favour of:

12.1.1.1. ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

12.1.1.2. holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions and other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and

12.1.2. the allotment of equity securities (otherwise than under paragraph 12.1.1 of this resolution) up to an aggregate nominal amount of £306,425, being 5 per cent of the issued share capital; and

12.2. this power shall expire when the authority given by resolution 11 is revoked or expires but the Company may before expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement notwithstanding that the power has expired; and

12.3. this power applies in relation to a sale of treasury shares which constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if the words "under the authority conferred by resolution 11" were omitted from the introductory wording to resolution 12.1.

13. **THAT** the Company be, and it is hereby, generally and unconditionally authorised for the purpose of sections 693 and 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company upon such terms and in such manner as the Directors shall determine, provided that:

13.1. the maximum aggregate number of ordinary shares authorised to be purchased is 6,133,734 (representing 10 per cent of the issued share capital of the Company);

13.2. the minimum price which may be paid for such ordinary shares is 10 pence per share (exclusive of expenses);

13.3. the maximum price (exclusive of expenses) which may be paid for an ordinary share cannot be more than an amount equal to the higher of:

13.3.1. 105 per cent of the average of the closing middle market price for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made; and

13.3.2. the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue or venues where the purchase is carried out;

13.4. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier.

13.5. the Company may make a contract or contracts to purchase ordinary shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

14. **THAT** a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

29 July 2011

By order of the Board

City Group P.L.C.  
Company Secretary  
Registered Office  
30 City Road  
London  
EC1Y 2AG

Registered in England and Wales No. 210505

## Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Capita, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30a.m. to 5.30p.m., Monday to Friday).
2. In order to be valid, an appointment of proxy (together with any authority under which it is executed, or a notarised copy of the authority) must be returned by one of the following methods:
  - 2.1 in hard copy form by post, by courier or by hand to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom;
  - 2.2 via [www.capitashareportal.com](http://www.capitashareportal.com) by logging in and selecting the 'Proxy Voting' link. If you have not previously registered for electronic communications, you will first be asked to register as a new user, for which you will require your investor code ('IVC') (which can be found on the enclosed proxy form); or
  - 2.3 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraph 9 below;and in each case must be received by the Company not less than 48 hours before the time of the meeting.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 12 noon on 3 September 2011 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned meeting, ignoring any part of a day which is not a working day). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 29 July 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 61,337,338 ordinary shares of 10 pence each, carrying one vote each. The Company holds 52,383 ordinary shares of 10 pence each in treasury and is not permitted to exercise voting rights in respect of these shares. Therefore, the total voting rights in the Company as at 29 July 2011 are 61,284,955.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 3 September 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
13. Under section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which Annual Report and Accounts were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.creston.com](http://www.creston.com).
16. Shareholders may not use any electronic address provided in either this notice of meeting or any related documents (including the chairman's letter and the proxy form) to communicate with the Company for any purposes other than those expressly stated.

## PART III

### **Explanatory notes to the Notice of Annual General Meeting**

Resolutions 1 to 11 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 14 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

#### **Resolution 1 (Annual Report and Accounts)**

The Directors of the Company must present to the meeting the audited Annual Report and Accounts, the Report of the Directors and the Auditors' Report for the financial year ended 31 March 2011.

#### **Resolution 2 (Remuneration Report)**

The Company's shareholders will be asked to approve the Directors' Remuneration Report set out on pages 35 to 39 of the Annual Report and Accounts.

#### **Resolutions 3 and 4 (Appointment and Remuneration of Auditors)**

The Company must appoint Auditors at each general meeting at which accounts are presented to shareholders to hold office until the conclusion of the next such meeting. Resolution 3 seeks shareholder approval to re-appoint PricewaterhouseCoopers LLP as the Company's Auditors. In accordance with normal practice, Resolution 4 seeks authority for the Company's Directors to determine their remuneration.

#### **Resolution 5 (Dividend)**

If resolution 5 is approved by shareholders, a final dividend for the year ended 31 March 2011 of 2.25 pence per ordinary share will be paid to shareholders whose names appear on the Register of Members at close of business on 5 August 2011. This will bring the total dividend for the year (including the interim dividend of 0.75 pence per ordinary share paid on 10 January 2011) to 3.00 pence per ordinary share. A final dividend of 1.00 pence per ordinary share was paid to shareholders for the year ended 31 March 2010.

#### **Resolutions 6, 7, 8, 9 and 10 (Appointment and Retirement of Directors)**

The Company's articles of association permit any Director appointed by the Directors since the date of the last Annual General Meeting to hold office only until the date of the next Annual General Meeting. The Director is then eligible for election by shareholders. In addition, one third of the Directors are required to retire by rotation each year.

In accordance with the requirements of the articles of association for retirement of Directors by rotation and in accordance with the Board's decision to adopt early, the FRC's future recommendation to FTSE 350 companies that all Directors be subject to re-election, all Directors of the Company are standing for re-election.

Accordingly David Marshall, Barrie Brien, Don Elgie, Andrew Dougal, and David Grigson (Note – David Marshall and Barrie Brien retire by rotation in accordance with the articles of association but Don Elgie, Andrew Dougal, and David Grigson retire in accordance with the provisions of the UK Corporate Governance Code) will retire by rotation this year and are proposed for re-election through resolutions numbered 6 to 10. David Marshall, Andrew Dougal, and David Grigson are standing for re-election as Non-Executive Directors.

The Board is satisfied that all of the Non-Executive Directors standing for re-election are independent in character and judgment and there are no relationships or circumstances which are likely to affect their character or judgement.

Biographies for all of the Directors are set out on page 25 of the Annual Report and Accounts.

#### **Resolution 11 (Authority to Allot)**

Paragraph 11.1.1 of resolution 11 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £2,042,832. This represents approximately 33 per cent. of the ordinary share capital of the Company in issue (excluding treasury shares) at 29 July 2011 (being the last practicable date prior to the publication of this Notice).

In line with recent guidance issued by the Association of British Insurers ('ABI') paragraph 11.1.2 of resolution 11 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to a further aggregate nominal value of £2,042,832 in connection with a rights issue. This amount represents approximately 33 per cent. of the ordinary share capital of the Company in issue (excluding treasury shares) at 29 July 2011 (being the last practicable date prior to the publication of this notice).

The Directors' authority will expire on the earlier of 15 months from the Annual General Meeting and at the conclusion of the next Annual General Meeting. The Directors have no present intention to make use of the authority sought under this resolution, but they consider it desirable to have the maximum flexibility permitted by corporate governance guidelines. As at the date of this Report the Company holds 52,383 ordinary shares in the capital of the Company in treasury, representing 0.09 per cent of the ordinary share capital of the Company in issue (excluding treasury shares).

#### **Resolution 12 (Statutory Pre-emption Rights)**

Under company law, when new shares are allotted or treasury shares are sold for cash (otherwise than pursuant to an employee share scheme), they must first be offered to existing shareholders pro rata to their holdings. This special resolution renews, for the period ending on 15 months from the passing of this resolution or, if earlier, the date of the next Annual General Meeting. The authorities previously granted to the Directors to: (a) allot shares of the Company and sell treasury shares for cash in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares, for cash up to an aggregate nominal value of £306,425 (representing in accordance with institutional investor guidelines, approximately 5 per cent. of the total ordinary share capital in issue as at 29 July 2011 (being the last practicable date prior to the publication of this notice), in each case as if the pre-emption rights in company law did not apply.

**Resolution 13 (Authority for market purchases of own shares)**

Resolution 13 renews the Company's current authority to make limited market purchases of the Company's ordinary shares. The authority is limited to a maximum aggregate number of 6,133,734 ordinary shares (representing 10 per cent. of the issued share capital as at 29 July 2011 (being the latest practicable date prior to publication of this notice)) and sets out the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this resolution will expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of this resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange.

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares. The Directors would only purchase shares if, in their opinion, the expected effect would be to result in an increase in earnings per ordinary share and would benefit shareholders generally.

**Resolution 14 (Notice of General Meetings)**

This resolution is proposed to allow the Company to call general meetings (other than an AGM) on 14 clear days' notice.

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be convened with at least 21 clear days' notice.

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 14 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

The Company will also need to meet the requirements for electronic voting under the Shareholders' Rights Regulations before it can call a general meeting on 14 days' notice.

**Inspection of documents**

The following documents will be available for inspection at our registered office, 30 City Road, London, EC1Y 2AG and at the office of Olswang LLP at 90 High Holborn, London, WC1V 6XX from 29 July 2011 until the close of the AGM:

- Copies of the Executive Directors' service contracts
- Copies of letters of appointment of the Non-Executive Directors