



WORTHINGTON

Worthington Group plc

Report and Accounts
for the year ended 31 March 2007

Company number: 527186

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Directors and Advisers

Directors

Joseph Claude Dwek, CBE FTI
David Michael Shalom, ACA
Michael Edelson

Chairman and Chief Executive^{2 3}
Finance Director
Non-Executive Director^{1 2 3}

Company Secretary

David Michael Shalom, ACA

Registered and Head Office

Suite One
Courthill House
66 Water Lane
Wilmslow
Cheshire
SK9 5AP

Registered Number

527186

Stockbrokers

Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

Bankers

HSBC Bank plc
100 King Street
Manchester
M60 2HD

Solicitors

Kuit Steinart Levy
3 St.Mary's Parsonage
Manchester
M3 2RD

Auditors

UHY Hacker Young
St James Building
79 Oxford Street
Manchester
M1 6HT

Registrars

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

¹Audit Committee member

²Remuneration Committee member

³Nomination Committee member

Chairman's Statement

The year ended 31 March 2007 has witnessed progress in the rationalisation of the Group's assets and the simplification of the historic structure of the businesses. The period produced a profit of £145,000, but after allowing for non recurring provisions and write offs explained below relating to the disposal of the Joint Venture, resulted in an overall loss of £331,000 (2006: £274,000 profit). The net asset value of the Group now stands at £2,586,000 (2006: £2,985,000).

During the year we considered several propositions for the future development of the Group, some of which came close to final negotiations. We are continually driven to seek opportunities now that we have a more defined corporate profile, notwithstanding the continuing problem of the pension deficit. Good propositions are not easy to find and must be sustainable.

During the year we completed the sale of two freehold properties at Fence Avenue and Eccleshill for £2,750,000 and £1,050,000 which eliminated all borrowings and left us with a net cash position at the year end of £882,000. £250,000 of the sale proceeds relating to the Eccleshill site were deferred and secured on the site via a second charge. We expect to receive this amount plus substantial interest shortly.

Shareholders will recall that we established a joint venture agreement between our former subsidiary Worthington Manufacturing Ltd ("WML") and Jessop and Baird Hong Kong ("JBHK") in July 2005. The plant and equipment of WML was sold at the then book value of £400,000 to the Joint Venture ("JV") and we loaned £200,000 to it taking up a 49% stake. JBHK also loaned £200,000 to the JV for their 51% interest and both parties advanced a further £100,000 each in additional loans – with an option for the JV to call on a further £100,000 each. Separately a further £100,000 of plant owned by WML in Morocco was rented to the JV for £10,000 per annum over 10 years. The transaction allowed us to realise the stock and book debts of WML in an orderly manner and it was always our intention to sell our 49% stake in September 2006 with a simultaneous repayment of our outstanding loans.

In September 2006 it became clear, for a variety of reasons, that the best solution was to renegotiate this sale option and agreement. There was a certain ambiguity in the original deal that resulted in us having to meet redundancy costs, which had not been anticipated and for which we then became responsible. A charge of £52,000 has been included in the income statement for these costs. By September 2006 we had loaned £375,000 in total to the JV and to sweeten the transaction it seemed prudent to accept a £75,000 write off in order to secure the sale and repayment of the remaining £300,000. This deal was completed in January 2007 with the loan capital to be repaid in monthly instalments of £10,000 plus interest.

However, I have to inform shareholders that this agreement has not been fulfilled and no repayments have been made, either of interest or capital to date. Accordingly, in light of this, it seems prudent for us to make provision for the £300,000 of loans and the remaining plant rented to them in Morocco with a book value of £61,000. These provisions and write offs have resulted in an overall non-recurring loss on disposal relating to the JV of £476,000 which is included in the income statement.

This has been an unhappy transaction, despite our high hopes that the Joint Venture would really take off thus justifying our confidence in the business acumen of our Hong Kong partners who are very heavily involved in this field of activity. On the plus side however the transaction has enabled us to realise near full value of our subsidiary's stocks and debtors (in excess of £1.2m) which otherwise might not have been possible.

We currently retain a 44% shareholding in Trimmings by Design Limited (a former subsidiary) and their results have to be consolidated within our accounts. The business is trading profitably in the current year and we have included in this period our share of after tax profits and goodwill impairment, which amounts to £33,000. The business is now operating on one site having sold its Leek property. It continues to trade profitably and is actively looking for acquisitions. A management charge of £153,000 was received in the year. There were no dividends declared this year.

Chairman's Statement

The Group's 34 non-trading or dormant subsidiaries have now been placed into Members Voluntary liquidation or have been struck off completing the restructure of the Group.

Turning to our remaining Keighley site, I am pleased to report that we have now re-let the vacant area at the site following the loss of a tenant who ceased trading in November 2006. We continue to explore the best ways to redevelop the site and obtain planning consent.

The current rental income from our Keighley site and the interest on both our cash and the loan from Trimmings by Design are just sufficient to meet the estimated ongoing costs of the head office. This includes the annual pension scheme administration costs which amounted to £48,000 (2006: £59,000) but excludes the annual payments made to the scheme to reduce the deficit which amounted to £257,000 (2006: £250,000).

The former Jerome retirement benefit scheme is the only remaining scheme that requires funding by the Group. The deficit has once again reduced in the year by £148,000 to £1,803,000 (2006: £1,951,000). The reduction in the year would have been far greater had it not been for the increases applied to the estimated liabilities of the scheme to reflect current mortality rates. In accordance with standard practice these have not been updated since the last full actuarial valuation carried out on 5 April 2004. The scheme actuaries are presently performing the tri-annual review of the scheme as at 5 April 2007 and we have accordingly updated the mortality rates used in the IAS 19 calculations to more closely reflect the rates that will be used in the review. The results of the review will form the basis of negotiations with the Trustees as to the future level of contributions that are required to the scheme.

The Board continues to monitor the investment performance of the scheme together with rental income and head office costs which are viewed as the key performance indicators for the Group at this time.

We are continuing to turn the remaining assets of the Group into cash and are pursuing suitable investment opportunities whilst keeping costs to a bare minimum.

J C Dwek CBE

Chairman

13 July 2007

Directors' Report

The Directors submit their Report together with the audited Financial Statements for the year ended 31 March 2007.

Principal Activity and Review of Business

The principal activity of the Group is that of property development and management.

The principal activity of the Company is that of a holding company.

A review of the business is contained in the Chairman's Statement on page 2. An analysis of the principal risks and uncertainties facing the Group is set out below.

Principal Risks and Uncertainties

All businesses face a range of risks and uncertainties, being subject to risk factors from internal and external sources. The Board considers the likelihood and significance of risk factors when putting in place risk management procedures to ensure risk mitigation.

The following is considered to be the key risk facing the Group.

The Group is exposed to funding risks in relation to the defined benefits under its pension scheme.

The Group operates a defined benefit pension scheme. At present, in aggregate, there is an actuarial deficit between the value of projected liabilities of the scheme and the value of the assets it holds. The Group is making contributions towards the deficit in line with agreements reached with the scheme Trustees based on the recommendations of actuaries. The amount of the deficit may be further affected by a number of factors including declines in investment returns and changes in mortality and interest rates, which may require the Group to increase the amount of cash contributions to these schemes, thereby reducing cash available to meet the Group's other obligations or business needs.

Key Performance Indicators

Key performance indicators (KPIs) that are monitored by the Board are that of rental income receivable on the Group's property assets together with the level of Head office costs. In addition the Board monitors the investment performance of the managers of the Pension Scheme's assets against benchmark indices.

Capital Management

The Board reviews periodically the Group's objectives with regard to capital and the policies and processes in place to manage that capital. The Board regards the capital of the Group to comprise entirely of equity share capital.

The level of capital is compared to the Group's needs from time to time to ensure it is adequate. Given that Group's assets

comprises a single investment property and cash no milestones or objectives have been set by the Board other than to seek out new businesses which would enhance the earnings of the Group in the longer term.

Results and Dividends

For the year under review, the Group made a loss before taxation of £331,000 (2006: profit of £274,000). After a tax charge of £nil (2006: £nil), the amount transferred from/(to) reserves was £331,000 (2006: (£274,000)).

No interim dividend has been paid during the year (2006: nil per share) and the Directors are not recommending the payment of a final dividend (2006: nil).

Directors

The present Directors of the Company are shown on page 1.

Profiles of Directors

Joseph Claude Dwek CBE FTI (Chairman) – joined the Board and was appointed Executive Chairman on 27 April 1999. He also took over the role of Chief Executive on 31 January 2004. He has over 35 years experience in textile related businesses and was Chief Executive of Bodycote International plc from 1972 to 1999 when he retired and Chairman to 1998. He is a Board member of the NorthWest Development Agency and is currently a Director of Penmarric Plc, Opal Property Group Ltd and Mercury Recycling Group plc. He is currently Chairman of Envirolink and also holds a number of other appointments.

David Michael Shalom ACA (Finance Director) – joined the Board on 6 August 2004 as Finance Director on a part-time basis. Having qualified with Deloitte & Touche's audit division in 1991 he subsequently spent four years in their Corporate Recovery division. In 1995 David joined Coral Products plc, a fully listed company and was appointed Finance Director in 1997, aged 30. In 2002 he became Finance Director of a private textile importers before leaving in 2004 to become a consultant involved in the provision of Executive and Non-Executive Directorships to smaller businesses.

Michael Edelson (Non-Executive Director) – joined the Board on 5 September 2005. He currently chairs the boards of EXC plc, London & City Credit Corporation Ltd and Elm Partners plc. Historically he has been a director of a number of companies admitted to trading on AIM and has been on the board of Manchester United Football Club Limited since 1982.

Directors' Report

Directors' Interests in Ordinary Share in the Company

The beneficial interests of the Directors in office at the year end in the Ordinary Shares of the Company as at 31 March 2006 and at 31 March 2007 (or date of resignation) are detailed below. The Directors' interests in Options are detailed in the Board Report on Remuneration.

	31 March 2007	31 March 2006
	Beneficial	Beneficial
J C Dwek	1,904,308	1,904,308

There have been no changes to the interests of the Directors between the year end and 13 July 2007.

Directors' Interests in Contracts

No Director was, or is materially interested in any contract during or at the end of the financial year which was significant in relation to the business of the Group.

Substantial Shareholdings

In addition to the holdings of J C Dwek above, the Directors have been notified of the following interests of 3% or more in the Company as of 13 July 2007:-

	Shares	%
R A J Hoy	760,000	6.4%
Porterhouse Securities Ltd – Retirement benefit scheme	752,625	6.4%
S Wicks	355,000	3.0%

Employment Policy

During the financial year, the Group has maintained its policy of encouraging employee participation and involvement in affairs which affect their interests as employees. The involvement of employees at all levels is encouraged and employees are kept up to date with the performance and progress of the Group. It is the policy of the Group to support the employment of disabled persons wherever practicable and to ensure as far as possible that they participate in career development opportunities available to staff. Should an employee become disabled, the Group, where practicable, seeks to continue the employment and arrange appropriate training.

Risk Management

The Group's risk management policy is explained in Note 18 (iii) and is further explained on pages 6 and 7 in the Board report on Corporate Governance.

Donations

No charitable or political donations were made by the Group during the year (2006: £nil).

Corporate Governance and the Code of Best Practice

A statement as to the extent that the Company has complied with the provisions of the Code of Best Practices is set out on pages 6 and 7.

Creditor Payment Policy

The Group does not follow a standard code of practice but operates a prompt payment policy in settling outstanding debts. Group companies are responsible for agreeing the terms and conditions under which business transactions are conducted. It is Group policy that payments to suppliers are made in accordance with the terms agreed, provided that these suppliers have also complied with applicable terms and conditions. There were no trade creditors at either year end.

Special Business at the Annual General Meeting

The Notice of Annual General Meeting on pages 36 to 38 details the items of business for the Annual General Meeting which will be held on 31 August 2007. Resolutions 1 to 6 are termed ordinary business while resolutions 7 to 10 will be special business.

Resolutions 7 and 8 have become routine business at the Annual General Meetings of most public companies and relate to:

- renewal of the powers for the Directors to allot equity securities for cash (Resolution 7)
- renewal of the authority for the Company to purchase certain of its own shares (Resolution 8). This authority was not exercised during the year.

Resolutions 9 and 10 relate to the introduction of communication with shareholders by electronic means.

Auditors

A resolution re-appointing UHY Hacker Young as auditors for the ensuing year will be placed before the Annual General Meeting.

By order of the Board

David M Shalom
Secretary

13 July 2007

Report on Corporate Governance

The Board of Directors supports the principle and is committed to maintaining standards of corporate governance in line with the Combined Code, issued by the UK Listing Authority in 1998, which sets out the Principles of Good Governance and the Code of Best Practice. A summary of the Company's procedures for applying the principles and the extent to which the provisions of the Combined Code have not been applied are set out below.

Board Composition

The Board currently comprises two Executive Directors, including the Chairman and one independent Non-Executive Director. In keeping with a company the size of Worthington and the Board's determination to reduce costs to a minimum Joe Dwek CBE, the Chairman has also been appointed Chief Executive. In this respect the company does not comply with the Combined Code which recommends the separation of the roles of Chairman and Chief Executive. The Board has made available appropriate training for the Directors as they feel is required. This is provided at the expense of the Company. The Non-Executive Director is considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgement.

All Directors are subject to retirement and re-election by rotation in accordance with the requirements of the Companies Act 1985, and Directors appointed since the previous Annual General Meeting are subject to re-election at the first Annual General Meeting after their appointment.

The role of Company Secretary is currently performed by the Finance Director, David Shalom.

Operation of the Board

The Board schedules meetings as required throughout the year. It has a formal schedule of matters specifically reserved for its decision and approval such as the appointment of Directors, major items of capital expenditure and Group borrowings. The Board is supplied with appropriate and timely information to enable it to discharge its duties and requests additional information as it requires. A procedure exists for Directors to seek independent professional advice at the expense of the Company and all Directors have access to the Company Secretary and may also address specific issues to the independent Non-Executive Director.

Board Committees

The Board has a number of standing committees, all of which have written terms of reference setting out their authority and duties as follows:

Audit Committee

The committee met twice during the period to review financial statements prior to the approval by the Board. The committee has consisted of one Non-Executive Director, Michael Edelson who reviews the financial statements prior to the approval by the Board. The committee also reviews the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the auditors. Although other Directors, including the Finance Director, attend audit committee meetings, the committee meets for private discussions with the external auditors. The Company does not comply with the guidance for composition (as required under D. 3. 1 of the Combined Code) as there is only one member.

Remuneration Committee

The members of this committee are the Chairman and Chief Executive, Joe Dwek CBE, and the independent Non-Executive Director, Michael Edelson. The Chairman of the Remuneration Committee is Joe Dwek, who the Company believes is the best person to chair the meeting. The committee meets as required but not less than once a year. Its responsibilities include making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost and determining on their behalf specific remuneration packages for each of the Executive Directors, including pension rights and share options.

Nomination Committee

The members of this committee are the Chairman and Chief Executive, Joe Dwek CBE, and the independent Non-Executive Director. The committee meets as required but not less than once a year. Its responsibilities include reviewing the Board structure, size and composition, nominating candidates to the Board to fill Board vacancies when they arise and recommending Directors who are retiring by rotation to be put forward for re-election. The Company does not comply with the guidance for composition (as required under A. 5. 1 of the Combined Code) as a majority of members are not non-executive.

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Report on Corporate Governance

The Combined Code recommended that Directors review the effectiveness of the Group's system of internal control. This extends the previous recommendation in respect of financial controls to cover all controls including operational and compliance controls and risk management.

Guidance for Directors *Internal Control: Guidance for Directors on the Combined Code* (The Turnbull report) was published in September 1999.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group is in place and continued up to the date of approval of these accounts. This process accords with the Turnbull guidance and is regularly reviewed by the Board.

The control framework established by the Directors to review the effectiveness of controls is as follows:

- The Group has a comprehensive budgeting system which covers profitability, assets, liabilities and cashflow. The budget is agreed by the Board which receives quarterly reports detailing all aspects of financial performance against budget. The Board also controls capital expenditure.
- The Board meets at least 4 times per annum and reviews the Group's operational performance and strategy.
- The treasury function is undertaken by the Finance Director who does not enter into speculative derivative transactions.
- Financial controls have been established which are appropriate and these are regularly reviewed by the Finance Director. The Group does not have a dedicated internal audit function but rather uses its own financial staff to perform internal audit as and when required. This is considered to be appropriate given the size of the Group, the costs involved and the close involvement of management in the operations.

- The Board has specified procedures for the appraisal and authorisation of all capital expenditure. Projects are monitored as part of the monthly reporting.

- The audit committee discusses internal control and also considers control issues raised by external auditors.

At present the Company has not included the associated undertaking within its internal control review. However, John Taylor, previously Group Chief Executive is a Director of the associated undertaking and forwards all financial reports to the Group Board.

Going Concern

The Group currently meets its day to day working capital requirement out of cash balances following the completion on 6 June 2006 of the sale of the Fence Avenue property. On 6 June all Group borrowings were repaid and the Directors consider the cash balances are sufficient to meet the Group's needs for the next 12 months. On this basis, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

Investor Relations

The Chairman and the Finance Director meet and communicate with institutional investors as appropriate. At the Annual General Meeting this year, full disclosure will be made of the proxy votes cast for and against each resolution.

Board Report on Remuneration

The Board's Remuneration Committee, which currently comprises Joe Dwek (Chairman and Chief Executive) and the Non-Executive Director makes recommendations to the Board within agreed terms of reference in determining specific remuneration packages for each of the Executive Directors, including pension rights.

Members of the Committee who have a personal financial interest in the matters to be decided are not involved in decisions. In arriving at its recommendations, the Committee has access to professional advice from both within and outside the Company.

Directors' Emoluments

The emoluments of the Directors during the financial year ended 31 March 2007 were as follows:

	2007 Salary £'000	2007 Benefits £'000	2007 Total Salary & Benefits £'000	2006 Total Salary & Benefits £'000
<i>Executive Directors</i>				
Joseph Dwek (Executive Chairman and Chief Executive)	2	–	2	2
David Shalom (Finance Director)	13	–	13	20
<i>Non-Executive Director</i>				
Michael Edelson	1	–	1	–
Total remuneration	16	–	16	22

During the year Penmarric plc received a fee of £2,063 for Joe Dwek's services.

Since the acquisition of Jerome Group plc the Company has assumed responsibility for the payment of a pension to a former Director, W Jerome which amounted to £27,088.

The auditors are required to report on the information contained in this section of the report.

Senior Executive Share Option Scheme

The Company operates two schemes by which Directors and Senior Executives can subscribe for Ordinary Shares in the Company. At 31 March 2007 none of the Directors in office at the end of year had any share options.

No options were granted, exercised or lapsed during the year.

The mid market price of the Company's shares on 31 March 2007 was 18.25p and the high and low share prices during the year was 29p and 17.5p respectively.

The auditors are required to report on the information contained in this section of the report.

Policy on Remuneration

Each remuneration package is reviewed against a background of published comparative information on the remuneration of Executive Directors in similar positions, taking into account, the industry, the region of employment, the type of work and the size of the Company. The extent to which the recommended remuneration is above or below average takes account of the Director's qualifications and length of service with the Group, the Director's actual performance and the performance of the Group. This will remain the policy for forthcoming years.

Directors' Service Agreements

There are no service agreements between the Chairman, any other Director and the Company or its subsidiaries.

By order of the Board
Joe Dwek CBE
Chairman

13 July 2007

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. The directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Director's remuneration report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Statement of Disclosure to Auditor

- (a) so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware and,
- (b) they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

J C Dwek

Independent Auditors' Report to the Shareholders of Worthington Group plc

We have audited the Group and Parent company financial statements (the "financial statements") of Worthington Group plc for the year ended 31 March 2007 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Board Report on Remuneration that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report, the Board Report on Remuneration and the financial statements in accordance with applicable law and those International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Board Report on Remuneration to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Board Report on Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also report to you whether, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Report on Corporate Governance reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Directors' Report, the unaudited part of the Board Report on Remuneration, the Chairman's Statement, the Report on Corporate Governance and the Trading Record Highlights. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Board Report on Remuneration to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Board Report on Remuneration to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Board Report on Remuneration to be audited.

Independent Auditors' Report to the Shareholders of Worthington Group plc

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Group's affairs and the parent Company's as at 31 March 2007 and of the Group's and the parent Company's loss for the year then ended;
- the financial statements and the part of the Board Report on Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the financial statements.

Separate opinion in relation to IFRSs

As explained in Note 1, the Group in addition to complying with its legal obligation to comply with those IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 March 2007 and of its loss for the year then ended.

UHY Hacker Young

Chartered Accountants and Registered Auditors

St James's Building

79 Oxford Road

Manchester M1 6HT

13 July 2007

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Continuing operations			
Revenue	3,4	313	140
Cost of sales		–	–
		<hr/>	<hr/>
Gross profit		313	140
Administrative expenses		(277)	(291)
Other income	8	–	714
		<hr/>	<hr/>
Operating profit		36	563
Investment revenues	6	107	53
Finance costs	7	(48)	(213)
Share of post-tax profits/(losses) of associates	9,30	50	(121)
Loss on disposal of interest in associates	10	(476)	–
		<hr/>	<hr/>
(Loss)/profit on continuing operations before taxation		(331)	282
Tax on continuing operations	11	–	–
		<hr/>	<hr/>
(Loss)/profit on continuing operations after taxation		(331)	282
Loss after taxation from discontinued operations	30	–	(8)
		<hr/>	<hr/>
(Loss)/profit after taxation for current year		(331)	274
		<hr/>	<hr/>
(Loss)/earnings per ordinary share			
– Basic and fully diluted	12	(2.8p)	2.3p

Earnings per ordinary share from discontinued operations is not disclosed separately as the amounts are immaterial.

No note of historical cost income and expenses has been prepared as the historical cost income and expenses are the same as detailed in the above income statement.

The notes on pages 17 to 35 form part of these financial statements.

All items above from revenue to operating profit are derived from continuing operations.

Consolidated Balance Sheet

At 31 March 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Non-current assets					
Tangible assets – Property	13	1,800		1,800	
– Plant and machinery	13	–		71	
Investments: Interests in associated undertakings	15	724		646	
			2,524		2,517
Current assets					
Current asset investments	16	–		3,750	
Trade and other receivables due within 1 year	17	321		387	
Trade and other receivables due after more than 1 year	17	800		805	
Cash at bank and in hand		882		–	
			2,003		4,942
Total assets			4,527		7,459
Current liabilities					
Trade and other payables	18	138		493	
Bank overdrafts and loans	18	–		2,030	
		138		2,523	
Non-current liabilities					
Retirement benefit obligation	23	1,803		1,951	
		1,803		1,951	
Total liabilities			(1,941)		(4,474)
Net assets			2,586		2,985
Equity					
Called up share capital	20		11,807		11,807
Share premium account	21		9,836		9,836
Capital redemption reserve	21		128		128
Revaluation reserve	21		–		624
Profit and loss account	21		(19,185)		(19,410)
			2,586		2,985

All shareholders' funds are equity.

The financial statements were approved by the Board on 13 July 2007, and were signed on its behalf by:

Joe Dwek CBE

Executive Chairman

David Shalom ACA

Finance Director

The notes on pages 17 to 35 form part of these financial statements.

Parent Company Balance Sheet

At 31 March 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Non-current assets					
Tangible assets – Property	13	1,800		–	
Investments: Interests in subsidiary undertakings	14	–		181	
Investments: Interests in associated undertakings	15	400		400	
			2,200		581
Current assets					
Trade and other receivables due within 1 year	17	320		328	
Trade and other receivables due after more than 1 year	17	800		6,424	
Cash at bank and in hand		882		–	
			2,002		6,752
Total assets			4,202		7,333
Current liabilities					
Trade and other payables	18	138		483	
Bank overdrafts and loans	18	–		2,199	
		138		2,682	
Non-current liabilities					
Retirement benefit obligation	23	1,803		1,951	
		1,803		1,951	
Total liabilities			(1,941)		(4,633)
Net assets			2,261		2,700
Equity					
Called-up share capital	20		11,807		11,807
Share premium account	21		9,836		9,836
Profit and loss account	21		(19,382)		(18,943)
Total equity			2,261		2,700

All shareholders' funds are equity.

The financial statements were approved by the Board on 13 July 2007, and were signed on its behalf by:

Joe Dwek CBE
Executive Chairman

David Shalom ACA
Finance Director

The notes on pages 17 to 35 form part of these financial statements.

Statement of Recognised Income and Expense

For the year ended 31 March 2007

		Group	Group	Company	Company
		2007	2006	2007	2006
	Note	£'000	£'000	£'000	£'000
Retained (loss)/profit for the financial year		(331)	274	(357)	(311)
Revaluation of property	21	–	624	–	–
Actuarial gain/(loss) on retirement benefit obligation	23	(82)	167	(82)	167
Disposal of associate		14	–	–	–
		<hr/>	<hr/>	<hr/>	<hr/>
Total recognised (losses)/gains for the year		(399)	1,065	(439)	(144)
		<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation					
Opening reserves at 1 April		2,985	1,920	2,700	2,844
Total recognised (losses)/gains for the year		(399)	1,065	(439)	(144)
		<hr/>	<hr/>	<hr/>	<hr/>
Closing reserves at 31 March		2,586	2,985	2,261	2,700
		<hr/>	<hr/>	<hr/>	<hr/>

Following a review of the 2006 financial statements an error was found in the restated balance sheet presented in respect of the 2005 comparatives re-stated to reflect the transition from UK GAAP to IFRS.

A revised reconciliation of the movements in shareholders' funds and between IFRS and UK GAAP has been included in note 24 of the accounts.

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
	Note	
Operating profit	36	563
Operating loss from discontinued activities	–	(8)
Depreciation and revaluation adjustments	10	(689)
Profit on disposal of investment property and plant	(50)	(218)
Write off of associate	(52)	–
Movement in trade and other receivables	59	1,337
Movement in trade and other payables excluding pension obligation	(67)	(748)
Payments to Pension scheme	(257)	(250)
	<hr/>	<hr/>
Net cash outflow from operating activities	(321)	(13)
Cash flow from financing activities		
Interest paid	(21)	(158)
Proceeds from short term loans	–	238
Repayment of short term loans	(288)	–
Repayment of Bank borrowings	(1,500)	(71)
Repayment of hire purchase	–	(6)
	<hr/>	<hr/>
Net cash generated/(used) by financing	(1,809)	3
	<hr/>	<hr/>
Cash flow from investing activities		
Interest received	67	53
Proceeds from sale of investments	3,550	–
Proceeds on disposal of plant and equipment	–	403
Loans to associates	(75)	(300)
Dividends received from associated undertakings	–	44
	<hr/>	<hr/>
Net cash generated by investing activities	3,542	200
	<hr/>	<hr/>
Increase in cash and cash equivalents	1,412	190
	<hr/>	<hr/>
	26	

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations applicable at the balance sheet date, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. They have been prepared under the historical cost convention and in accordance with current IFRS.

The policies set out below have been consistently applied to all the periods presented. The Group's consolidated financial statements have been prepared to comply with IFRS.

The Company has taken advantage of the exemption allowed by S230(4) Companies Act 1985 from presenting its own profit and loss account. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

Going concern

The Group currently meets its day to day working capital requirements from its cash reserves. On this basis, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

Basis of consolidation

The consolidated accounts include the financial statements of the Company and all of its associated undertakings made up to 31 March 2007. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The Group's share of the profits less losses of associates is included in the consolidated income statement and its interest in their net assets is included in the consolidated balance sheet.

Goodwill

The Group has elected not to apply IFRS3 "Business Combinations" retrospectively for those business combinations, which occurred prior to 1 January 2004. Accordingly the balance of goodwill under UK GAAP as at 31 December 2003 is deemed the IFRS cost of goodwill at 1 January 2004. Goodwill arising on acquisitions is capitalised and received for impairment on an annual basis.

Revenues

Revenue represents rents receivable from tenants of rental property at invoiced amount less value added tax together with management charges received from associates where applicable.

Investments

Investments in associated undertakings are held at cost in the parent company balance sheet.

Investment property

The investment property is remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which it arises.

Depreciation or amortisation is not provided in respect of the investment property. Although the Companies Act 1985 would normally require systematic annual depreciation of fixed assets, the directors believe that a policy of not providing depreciation or amortisation is necessary in order for the accounts to give a true and fair view.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets except for freehold land over their expected useful lives on a straight line basis. It is calculated using the following rates:

Plant and machinery	–	10% per annum
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Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost includes material only. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Foreign currency

Transactions in foreign currencies are converted into sterling at the date on which settlement takes place. Balances in foreign currency bank accounts are translated at the rate prevailing on the balance sheet date and any exchange gains or losses are taken to the profit and loss account.

Notes to the Financial Statements

1. Accounting policies – continued

Deferred taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. As it is unlikely that trading losses will be utilised in the foreseeable future, no deferred tax asset has been recognised as at 31 March 2007.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balances of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Post-retirement benefits

The Group operated two pension schemes during the year, a defined contribution scheme and a defined benefit scheme. Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of this scheme are held separately from those of the Group in an independently administered fund.

The Group's defined benefit scheme provides benefits based upon final pensionable pay. The assets of the scheme are held separately from those of the Group, and contributions are charged to the profit and loss account so as to spread the cost of pensions over service lives of employees in the scheme. The deficit in the scheme is now included as a liability on the balance sheet.

Actuarial gains or losses are recognised in full in the period in which they occur. They are recognised outside the Income Statement and presented in the Statement of Recognised Income and Expense.

Financial Instruments

Following the adoption of IAS 39 from 3 January 2005, the following are the Group's accounting policies for financial instruments. The 2004 comparatives have not been restated for the adoption of the above standards as permitted by IFRS 1 but are presented in accordance with the accounting policies as detailed above.

(i) Recognition

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

(ii) Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated, irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(iii) Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iv) Financial Liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

(v) Loan Notes

The loan notes from Trimmings by Design Ltd a company in which the Group owns a 44% interest are valued at par on the basis that the company continues to be profitable. The loan notes are repayable on a sale or liquidation of the company or on 31 December 2200.

(vi) Bank Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of any instrument to the extent that they are not settled in the period in which they arise.

(vii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(viii) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Notes to the Financial Statements

2. Critical accounting and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year, relate to the Group's defined benefit scheme liability and are set out in Note 23 to these financial statements.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of this liability.

3. Segmental Analysis

The Group has selected business as the primary segment and geography as its secondary segment. Disclosure is in accordance with International Accounting Standard 14.

	2007 £'000	2007 £'000	2007 £'000	2006 £'000	2006 £'000	2006 £'000
	Property & Mgt charges	Textiles	Total	Property & Mgt charges	Textiles	Total
Continuing operations						
Revenue	313	–	313	140	–	140
Share of post tax profit/(losses) of associates	50	–	50	(121)	–	(121)
Profit/(loss) on ordinary activities before taxation	(331)	–	(331)	282	–	282
Assets	4,527	–	4,527	7,029	–	7,029
Liabilities	1,941	–	1,941	4,329	–	4,329
Net Assets	2,586	–	2,586	2,700	–	2,700
Discontinued operations						
Revenue	–	–	–	–	1,456	1,456
Profit/(loss) on ordinary activities before taxation	–	–	–	–	(8)	(8)
Assets	–	–	–	–	430	430
Liabilities	–	–	–	–	145	145
Net Assets	–	–	–	–	285	285
Total Group						
Revenue	313	–	313	140	1,456	1,596
Share of post tax profit/(losses) of associates	50	–	50	(121)	–	(121)
(Loss)/profit on ordinary activities before taxation	(331)	–	(331)	282	(8)	274
Assets	4,527	–	4,527	7,029	430	7,459
Liabilities	1,941	–	1,941	4,329	145	4,474
Net Assets	2,586	–	2,586	2,700	285	2,985
	2007 £'000	2007 £'000	2007 £'000	2006 £'000	2006 £'000	2006 £'000
	Property	Textiles	Total	Property	Textiles	Total
Other information:-						
Depreciation	10	–	10	–	25	25
Write down of fixed assets/current asset investments	–	–	–	–	354	354
Share of post tax profits/(losses) of associates	50	–	50	(121)	–	(121)
Goodwill impairment in respect of associates	(29)	–	(29)	(29)	–	(29)
Revenue by Geographic Region						
Continuing operations						
UK			313			140
Europe			–			–
Rest of World			–			–
			313			140
Discontinued operations						
UK			–			453
Europe			–			94
Rest of World			–			909
Total Group			313			1,596

Notes to the Financial Statements

3. Segmental Analysis – continued

	2007 £'000	2006 £'000
Assets by Geographic Region		
Continuing operations		
UK	4,527	6,958
Europe	–	–
Rest of World	–	71
	<u>4,527</u>	<u>7,029</u>
Discontinued operations		
UK	–	430
Europe	–	–
Rest of World	–	–
	<u>–</u>	<u>–</u>
Total Group	<u>4,527</u>	<u>7,459</u>
Capital additions by Geographic region		
UK	–	–
Europe	–	–
Rest of World	–	–
	<u>–</u>	<u>–</u>
Total Group	<u>–</u>	<u>–</u>

4. Operating profit/(loss)

The following shows an analysis of the existing and discontinued operations for the current year together with the comparatives:

	2007			2006		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Turnover	313	–	313	140	1,456	1,596
Cost of sales	–	–	–	–	(959)	(959)
Gross profit	<u>313</u>	<u>–</u>	<u>313</u>	<u>140</u>	<u>497</u>	<u>637</u>
Other income	–	–	–	714	–	714
Distribution costs	–	–	–	–	(60)	(60)
Administration expenses	(277)	–	(277)	(291)	(445)	(736)
Group operating profit/(loss)	<u>36</u>	<u>–</u>	<u>36</u>	<u>563</u>	<u>(8)</u>	<u>555</u>

	2007 £'000	2006 £'000
Total operating profit/(loss) is stated after charging/(crediting):		
Depreciation – owned assets	10	25
Goodwill impairment – associated undertaking	29	29
Auditors' remuneration – audit services	15	11
– non-audit services – tax	6	4
	<u>60</u>	<u>69</u>

Auditors remuneration relating to the audit of the parent company amounted to £15,000 (2006: £5,000).

Non-audit fees payable to the auditors and their associates during the year amounted to £6,000 (2006: £4,000).

Notes to the Financial Statements

5. Employees

The average number of persons employed by the Group during the year, including Executive Directors, was as follows:

	2007	2006
	Number	Number
Management	2	3
Administration	1	2
Production and sales	–	20
	<u>3</u>	<u>25</u>

Staff costs for all employees, including Executive Directors, consist of:

	2007	2006
	£'000	£'000
Wages and salaries	19	295
Social security costs	1	20
Pension costs	–	7
	<u>20</u>	<u>322</u>

An analysis of directors' remuneration is disclosed in the Board Report on Remuneration.

6. Investment Revenues

	2007	2006
	£'000	£'000
Loan note interest	52	53
Interest on bank deposits	55	–
	<u>107</u>	<u>53</u>

7. Finance costs

	2007	2006
	£'000	£'000
Bank loans and overdrafts repayable within five years	21	158
Pension scheme net finance charge	27	55
	<u>48</u>	<u>213</u>

8. Other Income

	2007	2006
	£'000	£'000
Write down of current asset investment	–	(354)
Gain on revaluation of Keighley Property	–	1,068
Exceptional gain	–	714
	<u>–</u>	<u>714</u>

9. Share of post-tax profits/(losses) of associates

	2007	2006
	£'000	£'000
Share of profits/(losses)	126	(90)
Associates net finance costs	(51)	(31)
Taxation of profits less losses of associates	(25)	–
	<u>50</u>	<u>(121)</u>

Notes to the Financial Statements

10. Loss on disposal of interests in associates

	2007 £'000	2006 £'000
Loans to Associate written off	75	–
Provision against loans to associate	300	–
Fixed asset impairment provisions	61	–
Redundancy and other costs on disposal	52	–
Share of net liabilities disposed	(12)	–
	<u>476</u>	<u>–</u>

In January 2007 the Group's 49% interest in Worthington Manufacturing Ltd was sold to the majority shareholder for a nominal sum and £75,000 of loans due to the Group were written off as part of the sale. The remaining loans due of £300,000 were agreed to be repaid at a rate of £10,000 per month plus interest. No instalments have been received since the sale and accordingly a full provision has been made against the loans together with the write down of fixed assets rented to Worthington Manufacturing Ltd.

11. Taxation

	2007 £'000	2006 £'000
Current tax		
Adjustments in respect of prior periods	–	–
Share of tax in associated undertaking	–	–
	<u>–</u>	<u>–</u>

Factors affecting the current tax charge/(credit) for the year

The current tax charge for the year is lower (2006: lower) than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

Current tax reconciliation

Loss/(profit) on ordinary activities before tax	(331)	282
Current tax at 30% (2006: 30%)	(99)	85
<i>Effects of:</i>		
Expenses not deductible for tax purposes	103	107
Non taxable income	–	(324)
Capital allowances for period in excess of depreciation	11	8
(Utilisation)/creation of tax losses	(15)	201
Other	–	(77)
Current tax charge	<u>–</u>	<u>–</u>

No corporation tax charge has been provided for 2007 as a result of the availability of various reliefs.

12. Earnings per share

The earnings per share has been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of shares in issue during the year was 11,807,013 (2006: 11,807,013) and the loss after taxation was £331,000 (2006: profit £274,000). There is no difference between the basic and diluted earnings per share in either year.

	2007 £'000	2007 No of shares '000	2007 Pence per share	2006 £'000	2006 No of shares '000	2006 Pence per share
Basic earnings/(loss) per share	(331)	11,807	(2.8)p	274	11,807	2.3p
Basic earnings/(loss) per share from continuing operations	<u>(331)</u>	<u>11,807</u>	<u>(2.8)p</u>	<u>282</u>	<u>11,807</u>	<u>2.4p</u>

Notes to the Financial Statements

13. Tangible assets

Group	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Cost or valuation:			
At 1 April 2006	1,800	117	1,917
Impairment	–	(117)	(117)
At 31 March 2007	1,800	–	1,800
Comprising: Cost	732	–	732
Valuation	1,068	–	1,068
	<u>1,800</u>	<u>–</u>	<u>1,800</u>
Depreciation:			
At 1 April 2006	–	46	46
Charge for year	–	10	10
Impairment charge	–	(56)	(56)
At 31 March 2007	–	–	–
Net book value:			
At 31 March 2007	1,800	–	1,800
At 31 March 2006	<u>1,800</u>	<u>71</u>	<u>1,871</u>

At 31 March 2006 the Keighley property was valued by Steadman Brierley Chartered Surveyors and Investment Consultants. The valuation was carried out on an open market value basis in accordance with Practice Statements of the RICS Appraisal and Valuation Manual (January 1996).

Revenue receivable in respect of the property amounted to £149,000 in 2007 (2006: £140,000). Operating costs in respect of the property amounted to £31,000 (2006: £39,000).

Company	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Cost or valuation:			
At 1 April 2006	–	–	–
Additions	1,800	117	1,917
Impairment	–	(117)	(117)
At 31 March 2007	1,800	–	1,800
Comprising: Cost	732	–	732
Valuation	1,068	–	1,068
	<u>1,800</u>	<u>–</u>	<u>1,800</u>
Depreciation:			
At 1 April 2006	–	–	–
Additions	–	46	46
Charge for year	–	10	10
Impairment charge	–	(56)	(56)
At 31 March 2007	–	–	–
Net book value:			
At 31 March 2007	1,800	–	1,800
At 31 March 2006	<u>–</u>	<u>–</u>	<u>–</u>

During the year the fixed assets of the Group's subsidiaries were hived up into the holding company accounts.

The impairment charges above are include in the income statement within the loss on disposal of associate (Note 10).

Notes to the Financial Statements

13. Tangible assets – continued

Following a review of the 2006 financial statements an error was found in the presentation of the Group fixed asset note in respect of the 2005 disclosures. The disposal of plant and machinery in 2005 included prior year adjustments which had not been separately identified in the disclosure note. The prior year adjustments related to the elimination of historic journal adjustments to the Group fixed asset consolidation which were no longer appropriate following the decision to liquidate the Group's dormant subsidiaries. The corrected note is reproduced below:-

	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Group			
Cost or valuation:			
At 1 April 2005	751	943	1,694
Prior year adjustment	(19)	227	208
At 1 April 2005 as restated	732	1,170	1,902
Revaluation	1,068	–	1,068
Disposals	–	(1,053)	(1,053)
At 31 March 2006	1,800	117	1,917
Depreciation:			
At 1 April 2005	65	617	682
Prior year adjustment	(65)	27	(38)
At 1 April 2005 as restated	–	644	644
Charge for year	–	25	25
Disposals	–	(623)	(623)
At 31 March 2006	–	46	46
Net Book Value			
At 31 March 2006	1,800	71	1,871
At 1 April 2005 as restated	732	526	1,258

14. Investment in subsidiary undertakings

	Company 2007 £'000	Company 2006 £'000
At 31 March	–	181

The remaining trading subsidiary undertakings of the Group, were deconsolidated during the year following the placement of these companies into members voluntary liquidation.

Notes to the Financial Statements

15. Interest in associated undertakings

	Group net assets 2007 £'000	Goodwill 2007 £'000	Group Total 2007 £'000	Group net assets 2006 £'000	Goodwill 2006 £'000	Group Total 2006 £'000	Company Total 2007 £'000	Company Total 2006 £'000
At 1 April	530	116	646	666	145	811	400	400
Movement in share of net assets	79	-	79	(92)	-	(92)	-	-
Goodwill impairment charge	-	(29)	(29)	-	(29)	(29)	-	-
Dividend received	-	-	-	(44)	-	(44)	-	-
Disposal of associated undertaking	28	-	28	-	-	-	-	-
At 31 March	<u>637</u>	<u>87</u>	<u>724</u>	<u>530</u>	<u>116</u>	<u>646</u>	<u>400</u>	<u>400</u>

The following are the associated undertakings in which the Company holds investments:

Trimmings by Design Limited, a company registered in England and Wales whose financial year end is 31 December. The Company holds 44% of the Issued Share Capital (£1 Ordinary Shares). The main activity of this company is the specialist design and manufacture of high quality passementerie and trimmings for the interior decorating, soft furnishings, blinds and lighting markets.

An impairment provision of £29,000 has been made against the goodwill on the Trimmings by Design acquisition in 2007.

The 49% shareholding in Worthington Manufacturing Limited, a company registered in England and Wales whose financial year end is 31 March was sold in January 2007. The Group's share of accumulated losses of £28,000, which has been previously recognised within movements in share of net assets, is shown as a disposal of associated undertakings.

The following is a summary of the assets and liabilities and post tax results of the associated companies in the Group.

	31 March 2007 £'000	31 March 2006 £'000
Assets	<u>4,108</u>	<u>4,037</u>
Liabilities	<u>2,799</u>	<u>2,734</u>
Revenue	<u>4,755</u>	<u>5,363</u>
Share of post tax results	<u>50</u>	<u>(121)</u>

The Group is not aware of any contingent liabilities in the accounts of the associates.

16. Current asset investments

Following the disposal of the Group's current asset investment properties in the year there remain no current asset investments.

	2007 £'000	2006 £'000
Properties	<u>-</u>	<u>3,750</u>

During the year both current asset investment properties were sold for a total consolidation of £3.8m of which £250,000 was deferred and is included in other debtors.

Notes to the Financial Statements

17. Trade and other receivables

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
(i) Stocks				
Raw materials and consumables	<u>3</u>	<u>29</u>	<u>3</u>	<u>–</u>
	3	29	3	–

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
(ii) Trade and other receivables falling due within one year				
Trade debtors	–	30	–	–
Other debtors	295	13	294	12
Prepayments and accrued income	23	15	23	16
Loans due from associated undertaking	<u>–</u>	<u>300</u>	<u>–</u>	<u>300</u>
	318	358	317	328

Other debtors include £250,000 of deferred consideration due on the sale of the Eccleshill site plus accrued interest of £37,500 which is secured by way of a second charge on the site.

Loan balances of £300,000 due from Worthington Manufacturing Ltd, a former associate, have been provided for in full during the year.

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
(iii) Trade and other receivables falling due after more than one year				
Amounts owing from subsidiary undertakings	–	–	–	5,618
Other debtors	–	5	–	6
Loan notes	800	800	800	800
	<u>800</u>	<u>805</u>	<u>800</u>	<u>6,424</u>

The loan notes totalling £800,000 were issued on the disposal of Nottingham Braid and A J Worthington (Leek) in December 1999 and the amount is owed by Trimmings by Design Ltd., an associated company in which the Group have a 44% interest. Interest of 6.5% is receivable on the loan notes which are redeemable on the earlier of the liquidation or sale of Trimmings by Design or 31 December 2200.

Notes to the Financial Statements

19. Deferred taxation

The elements of deferred tax are as follows:

	2007		2006	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Revaluation gain	-	-	187	-
Accelerated capital allowances	-	(41)	-	(28)
Short term timing differences	-	-	-	131
Unutilised trading losses	-	(1,787)	(187)	(1,287)
	<u>-</u>	<u>(1,828)</u>	<u>-</u>	<u>(1,184)</u>

The Group has an unrecognised deferred tax asset largely in respect of tax losses, which has not been recognised as the likelihood of the Group utilising these losses in the foreseeable future is thought to be remote.

20. Share Capital

	2007 £'000	2006 £'000
Authorised:		
52,736,850 new Ordinary Shares of 10p each	5,274	5,274
1,062,631,467 Deferred Ordinary Shares of 1p each	10,626	10,626
	<u>15,900</u>	<u>15,900</u>
Allotted, called up and fully paid:		
11,807,013 new Ordinary Shares of 10p each	1,181	1,181
1,062,631,467 Deferred Ordinary Shares of 1p each	10,626	10,626
	<u>11,807</u>	<u>11,807</u>

The Deferred Ordinary Shares of 1p each carry the same rights as the new Ordinary 10p shares save that they do not carry any rights to vote at general meetings or any rights to receive dividends. The Deferred Ordinary Shares are not capable of transfer at any time without the prior written consent of the Directors and have the right to repayment of the paid up capital only on any winding up or return of capital.

Under the provisions of the Worthington Group plc Senior Executive Share Option Scheme the options outstanding at 31 March 2007 granted but not taken up totalled Nil (2006: Nil) shares exercisable.

Further Ordinary Shares may be issued from time to time under the Senior Executive Share Option Scheme.

Notes to the Financial Statements

21. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
Group:				
Opening reserves at 1 April 2006	9,836	128	624	(19,410)
Disposal of property investment	–	–	(624)	624
Disposal of associate	–	–	–	14
Actuarial loss on pension scheme in year	–	–	–	(82)
Retained loss for the year	–	–	–	(331)
At 31 March 2007	9,836	128	–	(19,185)
Company:			Share premium account £'000	Profit and loss account £'000
Opening reserves at 1 April 2006			9,836	(18,943)
Actuarial loss on pension scheme in year			–	(82)
Retained loss for the year			–	(357)
At 31 March 2007			9,836	(19,382)

22. Contingent liabilities

The Company at its year end had no contingent liabilities (2006: £nil).

23. Pension schemes

The Group operated two pension schemes during the year one of which was a defined benefit scheme. Contributions to the defined benefit scheme totalled £257,000 (2006: £250,000). The costs of running the scheme charged to the income statement amounted to £48,000 (2006: £56,000).

The Company also maintains a Group Personal Pension plan in which defined contributions are made. There are no current employee members and steps are being put in place to wind-up the scheme and transfer members benefits to individual personal pension plans.

The Company sponsors the Jerome Group Plc Retirement Benefits Plan which is a partly funded defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2004 and this has been adjusted and updated on an approximate basis to 31 March 2007.

The contributions made by the employer over the financial year have been £256,800. During the scheme year 2007/08, the employer will contribute £22,000 per month, and the monthly contribution will increase by 3% p.a. thereafter. The contribution rate will be reviewed following the triennial valuation of the scheme due as at 5 April 2007.

It is the policy of the Company to recognise all actuarial gains and losses in the year in which they occur outside the profit and loss account and in the statement of recognised income and expense.

Notes to the Financial Statements

23. Pension schemes – continued

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	Year ending 31 March 2007 £'000
Defined benefit obligation at start of year	11,358
Interest cost	577
Actuarial gain	217
Benefits paid	(519)
	<hr/>
Defined benefit obligation at end of year	11,633

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ending 31 March 2007 £'000
Fair value of assets at start of year	9,407
Expected return on assets	550
Actuarial gains	135
Contributions by employer	257
Benefits paid	(519)
	<hr/>
Fair value of assets at end of year	9,830

Total expense recognised in consolidated income statement

	Year ending 31 March 2007 £'000
Interest on liabilities	577
Expected return on assets	(550)
	<hr/>
Total expense	27

Notes to the Financial Statements

23. Pension schemes – continued

Gains/(losses) recognised in statement of recognised income and expense

	Year ending 31 March 2007 £'000
Difference between expected and actual return on plan assets:	
Gain/(loss)	135
Percentage of plan assets	1.4%
Experience gains and losses arising on the plan liabilities:	
Gain/(loss)	–
Percentage of present value of plan liabilities	–
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities:	
Loss	(217)
Percentage of present value of plan liabilities	1.9%
Total amount recognised in statement of recognised income and expense:	
Loss	(82)
Percentage of present value of plan liabilities	0.7%

The cumulative amount of actuarial gains and losses recognised in the statement of recognised income and expenses since adoption of IAS19 is a gain of £241,000.

Assets

	31 March 2007 £'000	31 March 2006 £'000
Equities	5,032	4,753
Bonds	3,308	3,329
Property	1,384	1,151
Cash	106	174

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

Expected long term rates of return

The expected long term return on cash is equal to bank base rates at the balance sheet date. The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities is determined by reference to the dividends yield and expected real growth in dividends. The expected rate of return on property has been determined by reference to the rental income and the expected growth in rents.

The expected long term rates of return are as follows:

	31 March 2007 %	31 March 2006 %
	per annum	per annum
Equities	7.6	7.4
Bonds	4.8	4.4
Property	6.5	7.4
Cash	5.2	4.5
Overall for plan	6.5	6.3

Notes to the Financial Statements

23. Pension schemes – continued

Actual return on plan assets

The actual return on the plan assets over the year ending 31 March 2007 was 7.7%.

Assumptions

	31 March 2007	31 March 2006
	%	%
	per annum	per annum
Inflation	3.3	3.0
Rate of discount	5.6	5.2
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.3	3.0
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.3	3.0
Allowance for commutation of pension for cash at retirement	Nil	Nil

The mortality assumptions adopted imply the following life expectancies at age 65.

	2007	2006
Male currently age 50:	20.5 years	18.7 years
Female currently age 50:	23.4 years	23.4 years
Male currently age 65:	19.6 years	18.0 years
Female currently age 65:	22.4 years	22.5 years

Mortality assumptions with respect to the scheme are updated every 3 years as part of the full actuarial review of the scheme – which is being carried out for the period to 5 April 2007 at present. The assumptions used for 2006 and prior years have been based on those assumptions last calculated at 5 April 2004. The assumptions used for 2007 have been updated for current rates to more closely reflect the assumptions that will be used in the 5 April 2007 review.

Present values of defined benefit obligations, fair value of assets and deficit

	31 March 2007	31 March 2006
	£'000	£'000
Present value defined benefit obligation	(11,633)	(11,358)
Fair value of plan assets	9,830	9,407
Deficit in plan	(1,803)	(1,951)

As all actuarial gains and assets are recognised, the deficits shown above are those recognised in the balance sheet.

The five year history of experience adjustments is as follows:

	31 March 2007	31 March 2006	31 March 2005	31 March 2004	31 March 2003
	£'000	£'000	£'000	£'000	£'000
Present value defined benefit obligation	(11,633)	(11,358)	(10,565)	(10,402)	(9,719)
Fair value of plan assets	9,830	9,407	8,252	7,734	6,704
Surplus/(deficit) in plan	(1,803)	(1,951)	(2,313)	(2,668)	(3,015)
Experience adjustments on scheme liabilities					
Amount (£)	(217)	(689)	(162)	(832)	231
Percentage of scheme liabilities (%)	1.9%	6.1%	1.5%	8.0%	2.4%
Experience adjustments on scheme assets					
Amounts (£)	135	856	318	968	(1,822)
Percentage of scheme assets (%)	1.4%	9.1%	3.9%	12.5%	27.2%

Best estimate of contributions to be paid to plan for the year ending 31 March 2007

The best estimate of contributions to be paid to the plan for the year ending 31 March 2007 is £264,000.

Notes to the Financial Statements

24. Re-stated reconciliation of movements in shareholders' funds and between IFRS and UK GAAP

The tables below set out the re-stated reconciliation between the IFRS accounting standards adopted on 1 April 2005 and the UK GAAP accounting standards previously used in the preparation of the Group's accounts.

	Group 31 March 2006 £'000	Group 31 March 2005 £'000
Profit/(loss) before taxation under IFRS	274	(1,310)
Retirement benefit adjustments	–	(199)
Profit/(loss) before taxation under UK GAAP	<u>274</u>	<u>(1,509)</u>

	Group 31 March 2006 £'000	Company 31 March 2006 £'000	Group 31 March 2005 £'000	Company 31 March 2005 £'000
Net assets				
Net assets under IFRS	2,985	2,700	1,920	2,844
Prior year adjustment	–	–	95	(243)
Retirement benefit obligation	–	–	2,313	2,313
Net assets under UK GAAP	<u>2,985</u>	<u>2,700</u>	<u>4,328</u>	<u>4,914</u>
Capital and reserves				
Shareholders funds under IFRS	2,985	2,700	1,920	2,844
Prior year adjustment	–	–	95	(243)
Retained earnings adjustment	–	–	2,313	2,313
Shareholders funds under UK GAAP	<u>2,985</u>	<u>2,700</u>	<u>4,328</u>	<u>4,914</u>

	Group 31 March 2006 £'000	Company 31 March 2006 £'000	Group 31 March 2005 £'000	Company 31 March 2005 £'000
Reconciliation of movements in shareholders' funds				
Opening shareholders' funds at 1 April under IFRS	1,920	2,844	3,169	5,707
Prior year adjustment	–	–	(95)	243
Opening shareholders' funds at 1 April under IFRS restated	1,920	2,844	3,074	5,950
Revaluation of properties	624	–	–	–
Movement in retirement benefit reserve	167	167	156	156
Profit/(loss) after tax for current year	274	(311)	(1,310)	(3,262)
Closing shareholders funds at 31 March under IFRS	<u>2,985</u>	<u>2,700</u>	<u>1,920</u>	<u>2,844</u>

The prior year adjustments in the Group and Company accounts relate to provisions against historic balances in dormant subsidiaries which came to light when preparing to liquidate them.

Notes to the Financial Statements

25. Capital and leasing commitments

	Group 2007 £'000	Group 2006 £'000
Contracted capital expenditure not provided for in the accounts	–	–

At 31 March 2007, the Group had no annual commitments under non-cancellable operating leases.

26. Reconciliation of net cash flow to movement in net debt

	2007 £'000	2006 £'000
Increase in cash in the year	1,412	190
Cash flows from debt and finance leases	1,500	77
Movement in net debt in the year	2,912	267
Net debt at 1 April	(2,030)	(2,297)
Net cash/(debt) at 31 March	882	(2,030)

27. Analysis of changes in net debt

	At 1 April 2006 £'000	Cash flows £'000	Other Non-cash Movements £'000	At 31 March 2007 £'000
Cash at bank and in hand	–	882	–	882
Overdrafts	(530)	530	–	–
	(530)	1,412	–	882
Debt due within 1 year	–	–	–	–
Short term bank loan	(1,500)	1,500	–	–
	(2,030)	2,912	–	882

28. Related party disclosures

During 2007 the Company received loans of £nil (2006: £179,000) from Penmarric Plc, a company owned and controlled by the Chairman, Joe Dwek. The loan carried interest at 1.5% above bank base rate and had no fixed repayment terms. The balance outstanding at 31 March 2007 was £nil (2006: £229,000). These loans including interest were repaid on 6 June 2006.

During 2007 the Company made payments of £2,063 (2006: £2,750) to Penmarric Plc for the services of the Chairman. Payments of £nil (2006: £6,000) were made to Lawson Alexander Blank Ltd for the services of David Shalom. The details are set out in the Board Report on Remuneration on page 8.

During 2007 the Company received a management charge of £153,000 (2006: £nil) from an associated company Trimmings by Design Ltd, in which the Group retains a 44% shareholding.

Notes to the Financial Statements

29. Control

In the opinion of the directors there is no single controlling party of the Group.

30. Comparative Information

The comparatives to the Income Statement have been adjusted to be fully compliant with IFRS. To be more specific, both the loss after tax from discontinued operations and the share of the result of associates are shown as single line items for £8,000 and £121,000 respectively in these financial statements. In 2006's financial statements these were disclosed as follows:-

(i) Loss after tax from discontinued operations	£'000
Revenue	1,456
Cost of sales	(1,019)
Administrative expenses	(445)
Loss after tax	<u>(8)</u>
(ii) Share of result of associate	£'000
Share of loss of associate	(90)
Share of interest of associate	(31)
Share of loss of associate	<u>(121)</u>

This charge in presentation does not affect the reported result for 2006.

Trading Record Highlights

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Turnover	313	1,596	4,908	9,197	13,523
Profit/(loss) before taxation	(331)	274	(1,154)	(2,122)	606
Capital employed	2,586	2,985	2,015	5,837	7,966
Earnings/(loss) per share (pence)	(2.8p)	2.3p	(9.8p)	(18.0p)	5.0p
Dividend per share (pence)	-	-	-	-	-

Earnings and dividends per share have been adjusted for the share capital re-organisation in 2004.

Notice of Annual General Meeting

Notice is hereby given that the fifty-fourth Annual General Meeting of Worthington Group plc will be held on 31 August 2007 at 9.30 am at Suite 1, Courthill House, 66 Water Lane, Wilmslow SK9 5AP, to consider and if thought fit pass the following resolutions of which resolutions 1 to 6 are proposed as ordinary resolutions and resolutions 7 to 10 as special resolutions.

1. To receive and adopt the Directors' Report, the Report of the Auditors and the Financial Statements of the Company for the year ended 31 March 2007.
2. To receive and adopt the Report on Directors' remuneration.
3. To re-elect Joe Dwek as Director who retires by rotation and being eligible offers himself for re-election.
4. To re-elect David Shalom as Director who retires by rotation and being eligible offers himself for re-election.
5. To re-elect UHY Hacker Young as Auditors of the Company and to authorise the Directors to determine the Auditors' remuneration.
6. To consider and, if thought fit, to pass the following resolution as an ORDINARY RESOLUTION:

"That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985, in substitution for any existing power to allow relevant securities to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £4,092,983 during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2008 or 15 months from the date of the passing of this resolution, whichever comes first, but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements."

As Special Business

7. To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

"That, subject to the passing of Resolution 6 set out in the Notice of this Meeting:

- (a) the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority given by the said Resolution 6, as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (i) the allotment of equity securities in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the agreements of any recognised regulatory body or Stock Exchange in any territory or otherwise, howsoever arising);
 - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £613,947;

and shall expire at the conclusion of the Annual General Meeting of the Company in 2008 or 15 months from the date of the passing of this Resolution, whichever comes first, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry, the Directors may allot equity securities in pursuance of such offers or agreements;

- (b) all authorities previously conferred under Section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect; and
- (c) words and expressions defined in, or for the purposes of Part IV of the Act shall bear the same meanings herein."

Notice of Annual General Meeting

8. To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“That the Company be hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of Ordinary Shares of 10p each of the Company (“Ordinary Shares”) in such manner and on such terms as the Directors of the Company may from time to time determine, provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 590,350 Ordinary Shares;
- (b) the minimum price which may be paid for an Ordinary Shares is 10p;
- (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2008, or the date falling 15 months after the passing of this Resolution, whichever is the earlier, unless such authority is revoked, varied or renewed prior to such time; and
- (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.”

9. To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“That the Articles of Association of the Company be amended by the deletion of the existing Article 53 and the insertion of a new Article 53 as follows:

“53. Notices

53.1 The Company can deliver a notice or other document, including a share certificate, to a member:

- 53.1.1 by delivering it by hand to the address recorded for the member on the register;
- 53.1.2 by sending it by post or other delivery service in an envelope (with postage or delivery paid) to the address recorded for the member on the register;
- 53.1.3 by fax (except for share certificates) to a fax number notified by the member in writing;
- 53.1.4 by electronic mail (except a share certificate) to an address notified by the member in writing;
- 53.1.5 by a website (except a share certificate) the address of which shall be notified to the member in writing;
- 53.1.6 by a relevant system; or
- 53.1.7 by advertisement in at least one national newspaper.

53.2 This article 53 does not affect any provision in any relevant legislation or the articles requiring notices to be delivered in a particular way.

53.3 If a notice or document is delivered by hand, it is treated as being delivered at the time it is handed to or left for the member.

53.4 If a notice or document is sent by post or other delivery service not referred to below, it is treated as being delivered:

- 53.4.1 24 hours after it was posted, if first class post was used; or
- 53.4.2 72 hours after it was posted or given to delivery agents, if first class post was not used;

provided that it can be proved conclusively that a notice or document was delivered by post or other delivery service by showing that the envelope containing the notice or document was:

- 53.4.3 properly addressed; and
- 53.4.4 put into the post system or given to delivery agents with postage or delivery paid.

Notice of Annual General Meeting

- 53.5 If a notice or document (other than a share certificate) is sent by fax, it is treated as being delivered at the time it was sent.
- 53.6 If a notice or document (other than a share certificate) is sent by electronic mail, it is treated as being delivered at the time it was sent.
- 53.7 If a notice or document (other than a share certificate) is sent by a website, it is treated as being delivered when the material was first made available on the website, or if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.
- 53.8 If a notice or document (other than a share certificate) is sent by a relevant system, it is treated as being delivered when the Company (or a sponsoring system participant acting on its behalf) sends the issuer instruction relating to the notice or document.
- 53.9 If a notice is given by advertisement, it is treated as being delivered at midday on the day when the last advertisement appears in the newspaper(s).”

10. Subject to the passing of Resolution 9 above, to consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“That:

- (a) the Company may, subject to and in accordance with the Companies Act 2006 (‘the Act’) and the Disclosure Rules and Transparency Rules Sourcebook published by the Financial Services Authority (‘the Rules’), send or supply any document or information that is required or authorised to be sent or supplied to a member or any other person by the Company by a provision of the Companies Acts (as defined in section 2 of the Act), or pursuant to the Company’s Articles of Association or any other rules or regulations to which the Company may be subject, by making it available on a website;
- (b) the provisions of the Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by a provision of the Companies Acts (as defined in Section 2 of the Act) by making it available on a website shall also apply, with any necessary changes, to sending or supplying any document or information required or authorised to be sent by the Company’s Articles of Association or any other rules or regulations to which the Company may be subject by making it available on a website; and
- (c) the Company may use electronic means (within the meaning of the Rules) to convey information to members.”

Notes

1. A Member entitled to attend and vote at the meeting may appoint one or more proxies to attend and (on a poll) vote in his or her place. A proxy need not be a member of the Company.
2. To be effective, a form of proxy must be deposited at the office of the Company’s registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR not less than 48 hours before the time fixed for the meeting. A proxy card is attached.
3. The Registers of Directors’ Interests in the Shares of the Company and the Directors’ Service Contracts with the Company will be available for inspection at the Registered Office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date of the meeting and also on the date and at the place of the meeting for one hour prior to the meeting and during the meeting.

By order of the Board

D M Shalom

Company Secretary

13 July 2007

Registered Office:

Suite One
Courthill House
66 Water Lane
Wilmslow
Cheshire
SK9 5AP

Form of Proxy

I/We

of

as Member(s) of WORTHINGTON GROUP plc hereby appoint the Chairman of the Meeting or

.....
as my/our proxy to vote for me/us and on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on 31 August 2007 and at every adjournment thereof.

RESOLUTIONS		
<i>Ordinary Business</i>	FOR	AGAINST
1. Adoption of Report and Accounts		
2. Adoption of Report on Directors' remuneration		
3. To re-elect Joe Dwek as a Director		
4. To re-elect David Shalom as a Director		
5. Re-election of UHY Hacker Young as Auditors		
6. General Authority to the Directors to allot Shares		
<i>Special Business</i>		
7. Authorisation of the Directors to allot Equity Securities pursuant to Section 95 Companies Act 1985		
8. Authority to enable Company to purchases its own Shares		
9. Amendment to Article 53 of the Company to enable electronic communications with shareholders		
10. Approval of authority for electronic communications in accordance with the Disclosure Rules and the Transparency Rules.		

Dated this day of2007

Signed

Notes

- (1) The appointment of a proxy will not preclude you from attending and voting at the meeting in person.
- (2) Please indicate how you wish your votes to be cast by placing "X" in the box provided. On receipt of this form duly signed but without any specific direction as to how you wish your votes to be cast, you will be deemed to have authorised your proxy to vote, or to abstain from voting, as they think fit.
- (3) A corporation may execute either under seal or under the hand of an officer or attorney duly authorised in writing. In the case of joint shareholders, the signature of the first named joint shareholder on the register will be accepted to the exclusion of all other joint shareholders.
- (4) To be valid, this proxy must be filled in, signed and deposited at the office of the Company's registrars Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3BR or posted in time to be delivered there, not later than 11.00 am on 29 August 2007.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. BM3865

2



Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3BR

FIRST FOLD

THIRD FOLD AND TUCK IN