

BOARD STATEMENT ON THE RELEASE OF THE RECENT CIRCULAR ON THE 7th March.

The board has been contacted by a number of small investors seeking information as to why they should support the board at this time with its proposed change to a Standard Listing and why the board would want to pursue a change of listing at this point and not when a transaction is on under consideration. Whilst we realise that the circular by its very nature has to be written in such a way as to comply with all of the Listing Rules we feel it would be appropriate to reiterate and develop some of the points within our own website.

A “premium listing” imposes greater requirements on a company than for a standard listing. These requirements are often referred to as “super-equivalent” standards because they include standards pursuant to the Listing Rules which are more stringent than the minimum standards imposed by the EU. Such super-equivalent standards are designed to provide additional investor protections. The transfer from “premium” to “standard” will have the effect that these additional investor protections will no longer apply in relation to Worthington. In particular, a company with a standard listing is subject to significantly less stringent continuing obligations under the Listing Rules than a company with a premium listing of shares and shares in the Company could therefore be regarded as an investment carrying a greater risk which could have an impact on the market value of the Ordinary Shares. Additionally, the perception of the Company in the market generally and the shares in the Company may become less marketable.

It is certainly worth noting that a Standard Listing is the norm across the EU. The board do not consider that the company is or has been for some considerable time an attractive investment opportunity for institutional investors and that our switch from Premium to Standard will not therefore prejudice our real and potential shareholder base.

As a company with a “standard” listing the Company will remain subject to the Prospectus Rules and the Disclosure and Transparency Rules. A company with a standard listing is still required to hold a minimum of 25 per cent. of its shares in public hands and will continue to be obliged to publish a prospectus when issuing new shares to the public unless such an issue falls within one of the permitted exemptions. Companies with standard listings are also still required to disclose inside information to the market and to comply with the provisions of the DTRs including to make notifications of dealings in shares. The Company must also prepare annual audited financial reports, interim financial reports and interim management statements in the same way that companies with a premium listing are required to.

However there are a number of requirements which apply to companies with a “premium” listing under the Listing Rules which are not applicable to companies with a standard listing. Such requirements include:

- instances when a sponsor must be appointed or its guidance obtained under Listing Rule 8;
- continuing obligations under Listing Rule 9 such as providing pre-emption rights to shareholders, complying with the Model Code, certain rules regarding employee share schemes and long term incentive plans, certain rules regarding the conduct of rights issues, open offers and placings and certain disclosures in annual financial reports;
- obligations under Listing Rule 10 which govern significant transactions whereby transactions are classified, with shareholders to be notified of certain transactions and to have the opportunity to vote on proposed significant transactions

- obligations under Listing Rule 11 which govern related party transactions whereby to prevent such a party from taking advantage of its position or the perception thereof, the board give a fair and reasonable opinion on the transaction, and shareholders vote on this basis;
- restrictions and procedures when a company proposes to deal in its own securities under Listing Rule 12;
- the requirement to ensure that circulars the company issues to shareholders comply with detailed requirements under Listing Rule 13; and
- the Listing Principles under Listing Rule 7.

Compliance with the super-equivalent standards applicable to a premium listing can result in considerable costs. The Board believes that there is an additional administrative burden associated with maintaining a premium listing and the combination of the costs, potential delays and administrative burden reduces the attraction of a premium listing in respect of the Ordinary Shares. The Board therefore believes that a standard listing is more appropriate for the Company and that a transfer of the Ordinary Shares to a standard listing should reduce the costs and administrative burden for the Company and offer greater flexibility, particularly in relation to corporate transactions where Listing Rules 10 and 11 no longer apply: accordingly there is no requirement to classify transactions, notify Shareholders or obtain their consent, nor is there is any requirement in related party transactions to obtain fairness opinions or Shareholder approval.

Worthington is a small company and does not have the funds or indeed the infrastructure that would enable it to properly comply with the requirements of a premium listing in the long term without impeding the company's ability to operate or consider opportunities as they arise.

It is important to acknowledge that if the company was considering a transaction at this time or whilst on the premium listing it would have to incur very considerable (many £100,000's) of costs and the transaction would take many months to complete which could make any proposed transaction less desirable. Therefore in order to prepare the company for the future, 3 months ago the board began the work with the regulatory authorities necessary to transfer the listing, and the approved circular was dispatched to shareholders on the 7th March asking for their support so that the company could be in a position to act should an attractive transaction become available.

The Board are also confident that if we obtain planning permission on the Keighley site we will have a great opportunity to develop the site ourselves or alternatively that the potential value of that development would be recognised for the benefit of the shareholders.

The Board considers that the special resolution relating to the transfer to be put to the meeting is in the best interests of the Company and the Shareholders as a whole.

The board has no hesitation in asking for shareholder support.