

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 426 OF THE COMPANIES ACT 1985. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your independent financial adviser, stockbroker, bank, solicitor, accountant or fund manager, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Sumus Shares, you should send this document, but not the accompanying BLUE and PINK Forms of Proxy and the GREEN Form of Election, which have been personalised, or the reply-paid envelope, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, the distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed in, forwarded to or transmitted in or into any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or transferred part of your holding of Sumus Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The availability of the New Lighthouse Shares to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of and observe any applicable requirements.

Application will be made to the London Stock Exchange for the New Lighthouse Shares to be admitted to trading on AIM. It is expected that Admission of the New Lighthouse Shares will become effective, and that dealings in the New Lighthouse Shares will commence, on the Effective Date which, subject to the satisfaction of certain Conditions, including the sanction of the Scheme by the Court and the confirmation of the Capital Reduction by the Court, is expected to be on 6 May 2008.

This document should be read in conjunction with the accompanying Forms of Proxy and Form of Election.

Recommended proposals for the Merger of
Sumus Plc
and
Lighthouse Group plc
to be effected by a
Scheme of Arrangement
under section 425 of the Companies Act 1985

Your attention is drawn to the letter from the Chairman of Sumus Plc in Part I of this document, which contains the unanimous recommendation of the Sumus Directors that you vote in favour of the Scheme at the Scheme Meeting and in favour of the Special Resolution to be proposed at the Extraordinary General Meeting. A letter from Arbuthnot Securities Limited explaining the Scheme appears in Part II of this document.

Notices convening the Scheme Meeting and the Extraordinary General Meeting, both of which will be held at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH on 14 April 2008, are set out at the end of this document. The Scheme Meeting will start at 11.00 a.m. and the Extraordinary General Meeting will start at 11.15 a.m. or as soon thereafter as the Scheme Meeting has been concluded or adjourned.

The action to be taken by Sumus Shareholders in respect of the Meetings is set out on pages 6 to 8 of this document. Whether or not you plan to attend both or either of the Meetings, please complete the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon, whether or not your Sumus Shares are in uncertificated form (i.e. in CREST), as soon as possible, but in any event so as to be received, by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or, during normal business hours only, by hand, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, by no later than 11.00 a.m. on 12 April 2008 in the case of the Scheme Meeting and by no later than 11.15 a.m. on 12 April 2008 in the case of the Extraordinary General Meeting, or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting. If the BLUE Form of Proxy for use at the Scheme Meeting is not lodged so as to be received by 11.00 a.m. on 12 April 2008, it may be handed to the Registrars on behalf of the Chairman at the Scheme Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, unless the PINK Form of Proxy is lodged so as to be received by 11.15 a.m. on 12 April 2008, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting at either of the Meetings, or any adjournment(s) thereof, in person should you wish to do so.

If you have any questions relating to this document or the completion and return of your Forms of Proxy or a Form of Election, please call Computershare Investor Services PLC on 0870 707 1325 (or, if you are calling from outside the United Kingdom, +44 870 707 1325) between 8.30 a.m. and 5.00 p.m. on any Business Day. Please note that calls to these numbers may be monitored or recorded, and no legal, tax or financial advice on the Merger or the Scheme can be given.

Arbuthnot Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Sumus and no-one else in connection with the Merger and the Scheme and will not be responsible to anyone other than Sumus for providing the protections afforded to clients of Arbuthnot Securities, nor for providing advice in connection with the Merger, the Scheme or this document or any matter referred to herein.

Daniel Stewart & Company plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Lighthouse and no-one else in connection with the Merger and the Scheme and will not be responsible to anyone other than Lighthouse for providing the protections afforded to clients of Daniel Stewart & Company plc, nor for providing advice in connection with the Merger, the Scheme or this document or any matter referred to herein.

IMPORTANT NOTICE

This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documents have been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law, the City Code and the AIM Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. Nothing in this document or the accompanying documents should be relied on for any other purpose.

The distribution of this document in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to Overseas Shareholders are contained in paragraph 19 of Part II of this document. All shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend, or may have a contractual or legal obligation, to forward this document and the accompanying Forms of Proxy and Form of Election to a jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of Sumus or Lighthouse concerning the Merger or the Scheme which are inconsistent with the statements contained herein and any such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part III of this document. Each Sumus Shareholder is advised to read and consider carefully the text of the Scheme itself. This is because this document, and in particular, the Chairman's Letter (Part I) and Explanatory Statement (Part II) have been prepared solely to assist shareholders in respect of voting on the Scheme.

Sumus Shareholders should not construe the contents of this document as legal, tax or financial advice, and should consult their own independent and appropriately authorised advisers as to the matters described herein.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Sumus or Lighthouse or the Enlarged Group except where otherwise stated.

Cautionary note regarding forward looking statements

This document includes forward looking statements. All statements other than statements of historical fact included in this document regarding the business, financial condition, results of operations of Sumus, the Sumus Group, Lighthouse or the Lighthouse Group and certain plans, objectives, assumptions, expectations or beliefs with respect to these items and statements regarding other future events or prospects, are forward looking statements. Should one or more of the risks or uncertainties associated with such forward looking statements materialise, or should assumptions underlying such forward looking statements prove incorrect, actual results may vary materially from those described herein. Sumus and Lighthouse assume no obligation to update or correct the information contained in this document.

These statements include, without limitation, those concerning: strategy and the ability to achieve it; expectations regarding sales, expenses, profitability and growth; possible or assumed future results of operations; capital expenditure and investment plans; adequacy of capital; and financing plans. The words "aim", "may", "expect", "anticipate", "believe", "future", "continue", "help", "estimate", "plan", "intend", "should", "could", "would", "shall" and similar terms or the negative or other variations thereof, as well as other statements regarding matters that are not historical fact, are or may constitute forward looking statements. In addition, this document includes forward looking statements relating to potential exposure to various types of market risks, such as foreign exchange rate risks, interest rate risks and other risks related to financial assets and liabilities. These forward looking statements have been based on the current view of the Sumus Directors or the Lighthouse Directors, as applicable, with respect to future events and financial performance. These views reflect the best judgement of the Sumus Directors or the Lighthouse Directors, as applicable, but involve a number of

risks and uncertainties which could cause actual results to differ materially from those predicted in forward-looking statements and from past results, performance or achievements. Although it is the belief of Sumus and Lighthouse, as the case may be, that the estimates reflected in the forward looking statements are reasonable, such estimates may prove to be incorrect. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward looking statements, including the following: circumstances arising that could harm the integrity of or customer support for brands or products, economic downturn, recession, acts or threats of terrorism, acts or the threat of war or other adverse political developments in key markets, legislative and regulatory changes, failure to protect intellectual property rights or any infringement claims, ability successfully to anticipate changes in the requirements of customers, interruption or substantial decrease in ability to provide services to customers, termination of arrangements with third parties in various key markets for any reason, litigation and publicity concerning product quality, health and other issues, future exchange and interest rates, pricing and product initiatives of competitors, repayment of indebtedness and unexpected costs or difficulties in integrating the business and operations of Sumus and Lighthouse or in executing the strategy of the Enlarged Group.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of Sumus or Lighthouse, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes Effective or lapses or on which the Offer Period otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Sumus or Lighthouse, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Sumus or of Lighthouse by Lighthouse or Sumus, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

Information for US shareholders

The New Lighthouse Shares to be issued to Scheme Shareholders in connection with the Scheme have not been and will not be registered with the SEC under the US Securities Act, and are being offered or sold to persons in the US in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) of that Act. For the purpose of qualifying for this exemption from the registration requirements of the US Securities Act, Sumus and Lighthouse will advise the Court that Lighthouse intends to rely on the section 3(a)(10) exemption based on the Court’s sanctioning of the Scheme which will be relied upon by Lighthouse as an approval of the Scheme following a hearing on its fairness to Scheme Shareholders at which hearing all Scheme Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Scheme Shareholders. **Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Lighthouse Shares or passed an opinion on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.** Reference should also be made to paragraph 19(a) of Part II of this document.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times unless otherwise stated.

<i>Event</i>	<i>Time and/or date</i>
Latest time and date for lodging BLUE Forms of Proxy for the Scheme Meeting	11.00 a.m. on 12 April 2008⁽¹⁾
Latest time and date for lodging PINK Forms of Proxy for the Extraordinary General Meeting	11.15 a.m. on 12 April 2008⁽²⁾
Voting Record Time	6.00 p.m. on 12 April 2008 ⁽³⁾
Scheme Meeting	11.00 a.m. on 14 April 2008
Extraordinary General Meeting	11.15 a.m. on 14 April 2008⁽⁴⁾
Latest time and date for receipt of GREEN Forms of Election (if you wish to make a Cash Election under the Partial Cash Alternative)	1.00 p.m. on 29 April 2008
Last day of dealings in, and registration of transfers of, Sumus Shares	29 April 2008 ⁽⁵⁾
Scheme Court Hearing	30 April 2008 ⁽⁵⁾
Reorganisation Record Time	6.00 p.m. on 30 April 2008 ⁽⁵⁾
Reduction Court Hearing	1 May 2008 ⁽⁵⁾
Effective Date	6 May 2008⁽⁵⁾
Cancellation of admission of Sumus Shares to trading on AIM	6 May 2008 ⁽⁵⁾
Admission of New Lighthouse Shares to trading on AIM and commencement of dealings in New Lighthouse Shares on AIM	6 May 2008 ⁽⁵⁾
Latest date for despatch of share certificates in relation to New Lighthouse Shares and of cheques in respect of cash consideration pursuant to the Partial Cash Alternative or settlement through CREST (as appropriate)	20 May 2008 ⁽⁵⁾

⁽¹⁾ The BLUE Form of Proxy for the Scheme Meeting should be lodged by 11.00 a.m. on 12 April 2008 or, if the Scheme Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned Scheme Meeting, but, if not lodged by this deadline, may be handed to the Chairman of the Scheme Meeting or the Registrars on behalf of the Chairman of the Scheme Meeting, in each case at the Scheme Meeting at any time before the taking of the poll.

⁽²⁾ The PINK Form of Proxy for the Extraordinary General Meeting must be lodged by 11.15 a.m. on 12 April 2008 in order to be valid or, if the EGM is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned EGM.

⁽³⁾ If either the Scheme Meeting or the Extraordinary General Meeting is adjourned, the Voting Record Time of the adjourned Meeting(s) will be 6.00 p.m. on the second day before the day fixed for the adjourned Meeting.

⁽⁴⁾ The Extraordinary General Meeting will commence at 11.15 a.m. on 14 April 2008 or as soon thereafter as the Scheme Meeting has been concluded or adjourned.

⁽⁵⁾ These dates are indicative only. They depend, inter alia, on the date upon which the Conditions are either satisfied or waived; the dates upon which the Court sanctions the Scheme and confirms the Capital Reduction; and the date on which the Court Orders sanctioning the Scheme and confirming the Capital Reduction are delivered to the Registrar of Companies and, in respect of the Capital Reduction, is registered by the Registrar of Companies. If the expected dates of the Court Hearings (and consequently the Effective Date) change, the Company will give notice of these changes to the extent practicable by issuing an announcement through a Regulatory Information Service.

The Scheme Meeting and the Extraordinary General Meeting will be held at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH on 14 April 2008. Notices convening the Scheme Meeting and the Extraordinary General Meeting are set out in Appendices IX and X to this document, respectively.

The dates given are based on the Company's current expectations and may be subject to change.

ACTION TO BE TAKEN

1. The Meetings

The Scheme Meeting and the Extraordinary General Meeting will be held at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH on 14 April 2008 at 11.00 a.m. and 11.15 a.m. respectively (or, in the case of the EGM, as soon thereafter as the Scheme Meeting has been concluded or adjourned). Implementation of the Scheme requires approval at both of these Meetings.

2. The Documents

Please check you have received the following with this document:

- a BLUE Form of Proxy for use in respect of the Scheme Meeting;
- a PINK Form of Proxy for use in respect of the Extraordinary General Meeting;
- a GREEN Form of Election for use in respect of the Partial Cash Alternative;
- a reply-paid envelope for use in the United Kingdom in connection with the return of the Form of Election;
- a reply-paid envelope for use in the United Kingdom in connection with the return of the two Forms of Proxy.

3. Action to be taken

3.1 *To vote on the Merger*

It is important that, for the Scheme Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of Scheme Shareholders. You are therefore strongly urged to complete, sign and return your BLUE and PINK Forms of Proxy as soon as possible, but in any event so as to be received by the Registrars, if delivered by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or if delivered by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE by no later than 11.00 a.m. on 12 April 2008 in the case of the Scheme Meeting (BLUE form) and by no later than 11.15 a.m. on 12 April 2008 in the case of the Extraordinary General Meeting (PINK form) (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the relevant adjourned meeting).

Therefore, whether or not you plan to attend the Meetings, please complete and sign both the enclosed BLUE and PINK Forms of Proxy and return them in accordance with the instructions provided thereon as soon as possible, but in any event so as to be received by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or, during normal business hours only, by hand, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE by no later than 11.00 a.m. on 12 April 2008 in the case of the Scheme Meeting (BLUE form) and by no later than 11.15 a.m. on 12 April 2008 in the case of the Extraordinary General Meeting (PINK form) (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the relevant adjourned meeting). This will enable your votes to be counted at the Meetings in the event of your absence. If the BLUE Form of Proxy for use at the Scheme Meeting is not lodged by 11.00 a.m. on 12 April 2008 (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting), it may be handed to the Company's Registrars, Computershare Investor Services PLC, on behalf of the Chairman at the Scheme Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, unless the PINK Form of Proxy is lodged so as to be received by 11.15 a.m. on 12 April 2008 (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting), it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting at the Scheme Meeting or the Extraordinary General Meeting, or any adjournment thereof, in person should you wish to do so.

3.2 *To make a Cash Election in respect of the Partial Cash Alternative*

A GREEN Form of Election is enclosed with this document. **You should only complete and return the Form of Election to the Registrars, if delivered by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or if delivered by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, if you wish to make a Cash Election under the Partial Cash Alternative.** You will find an explanation of the Partial Cash Alternative in paragraph 8 of Part II of this document. Notes on completing the Form of Election are contained in Appendix V to this document.

Sumus Shareholders who do not wish to elect to receive the Partial Cash Alternative in respect of such whole number of their Sumus Shares as represents 50 per cent. of their total holdings of Sumus Shares, rounded down to the nearest whole number of Sumus Shares, immediately prior to the Reorganisation Record Time should not return the GREEN Form of Election.

Your completed Form of Election should be signed and returned in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by no later than 1.00 p.m. on 29 April 2008 (or such later time (if any) to which the right to make a Cash Election may be extended). A reply-paid envelope is provided for this purpose for use in the UK only.

If you hold your Sumus Shares in certificated form and you wish to make a Cash Election under the Partial Cash Alternative, you should, in addition to completing and returning a Form of Election, send your original share certificate(s) in respect of your holding of Sumus Shares with your Form of Election.

If you hold your Sumus Shares in uncertificated form (i.e. in CREST) and you wish to make a Cash Election under the Partial Cash Alternative, you should, in addition to completing and returning a Form of Election, send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) to CRESTCo a TTE Instruction in relation to your Sumus Shares. Holders of Sumus Shares in uncertificated form (i.e. in CREST) may only make a Cash Election in respect of such shares by TTE Instruction in accordance with the procedure set out below and, if those shares are held under different member account IDs, a separate TTE instruction should be sent for each member account ID.

The prescribed form of election is a TTE Instruction which, on its settlement, will have the effect of crediting a stock account of the Registrars under the participant ID and member account ID specified below, with the number of Sumus Shares in respect of which a Cash Election is made.

A TTE Instruction to CRESTCo must be properly authenticated in accordance with CRESTCo specifications for transfers to escrow and must contain the following details:

- the participant ID of the holder of the Sumus Shares;
- the member account ID of the holder of the Sumus Shares;
- the participant ID of the Escrow Agent, which is 3RA30;
- the member account ID of the Escrow Agent, which is SUMLIG01;
- the ISIN of the Sumus Shares, which is GB00B0630574;
- the intended settlement date, which must be by 1.00 p.m. on 29 April 2008;
- the corporate action number, which is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- input with standard delivery instruction priority of 80.

3.3 *To withdraw a Cash Election in respect of the Partial Cash Alternative*

Sumus Shareholders who have made valid Cash Elections to receive the Partial Cash Alternative, but who subsequently wish to withdraw their Cash Elections should do so by written notice to the Registrars, if delivered by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or if delivered by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, **so as to be received by no later than 1.00 p.m. on 29 April 2008 (or such later time**

(if any) to which the right to withdraw a Cash Election may be extended). Further notes on withdrawing a Cash Election are contained in Appendix V to this document.

If you hold your Sumus Shares in uncertificated form (i.e. in CREST) and you wish to withdraw your Cash Election under the Partial Cash Alternative, you should, send (or if a CREST sponsored member, procure that your CREST sponsor sends) a valid ESA Instruction to settle in CREST in relation to the Cash Election to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:

- the participant ID of the holder of the Sumus Shares;
- the member account ID of the holder of the Sumus Shares;
- the participant ID of the Escrow Agent, which is 3RA30;
- the member account ID of the Escrow Agent, which is SUMLIG01;
- the ISIN of the Sumus Shares, which is GB00B0630574;
- the CREST transaction ID of the Cash Election to be withdrawn;
- the intended settlement date for the withdrawal, which must be by 1.00 p.m. on 29 April 2008;
- the corporate action number, which is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and
- the Sumus Shareholder's name and contact telephone number inserted into the shared note field.

Any such withdrawal will be conditional upon the Registrars verifying that the withdrawal request is validly made. Accordingly the Registrars will, on behalf of the Company, either reject the withdrawal by transmitting in CREST a receiving agent (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by the Company, whose determination, except as may be determined otherwise by the Panel, will be final and binding. None of the Company, Lighthouse or the Registrars nor any other person will be under any duty to give notice of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notice.

4. Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy or the Form of Election, please call Computershare Investor Services PLC on 0870 707 1325 (or, if you are calling from outside the United Kingdom, +44 870 707 1325) between 8.30 a.m. and 5.00 p.m. on any Business Day. Please note that calls to these numbers may be monitored or recorded, and no advice on the merits of the Merger or the Scheme can be given.

PART I

LETTER FROM THE CHAIRMAN OF SUMUS

SUMUS

Sumus Directors:

Mr. Paul Bradshaw (*Non-Executive Chairman*)
Mr. Allan Rosengren (*Group Chief Executive*)
Mr. Julian Telling (*Group Operations Director*)
Mr. Peter Smith (*Group Finance Director*)
Mr. Andrew Snowball (*Non-Executive Director*)

Registered Office:
Falcon Court
41-44 Triangle West
Clifton
Bristol
BS8 1ER

20 March 2008

To: Sumus Shareholders

Dear Sumus Shareholder,

Recommended proposals for the Merger of Sumus Plc and Lighthouse Group plc

1. Introduction

On 11 March 2008, the boards of Sumus and Lighthouse announced that they had agreed the terms of a merger between Sumus and Lighthouse, whereby Lighthouse would acquire, for shares and cash, the entire issued and to be issued share capital of Sumus.

The Merger is to be effected by way of a scheme of arrangement under section 425 of the Companies Act 1985 involving a reduction of capital under section 135 of the Companies Act 1985. The Scheme requires the approval of the Scheme Shareholders and the sanction of the Court.

This letter sets out the terms of, and background to, the Merger as well as why the Sumus Directors are unanimously recommending that Sumus Shareholders vote in favour of the Scheme at the Scheme Meeting and the related Special Resolution to be proposed at the Extraordinary General Meeting, as they have irrevocably undertaken to do in respect of their interests in Sumus Shares. This document contains details of the Merger and the Scheme and notices of the Meetings at which the Scheme and the related Special Resolution will be put to Sumus Shareholders.

The Lighthouse Circular, containing a notice of the Lighthouse General Meeting at which the approval of Lighthouse Shareholders for, amongst other things, the allotment of the New Lighthouse Shares to be issued in connection with the Merger will be sought, has been posted to Lighthouse Shareholders today. A copy of the Lighthouse Circular is available on Lighthouse's website, www.lighthousegroup.plc.uk.

2. The Merger

(a) ***Basic Consideration***

Under the terms of the Scheme, which is subject to the Conditions and further terms set out in Appendix I to this document, Scheme Shareholders will be entitled to receive, in respect of all their Scheme Shares where no valid election for the Partial Cash Alternative (as explained below) is made:

for every Scheme Share

1.88 New Lighthouse Shares

and so in proportion for such number of Scheme Shares held where no valid Cash Election is made.

Fractions of New Lighthouse Shares will not be allotted or issued pursuant to the Scheme and, accordingly, each Scheme Shareholder's aggregate entitlement to New Lighthouse Shares will be rounded down to the nearest whole number of New Lighthouse Shares.

The New Lighthouse Shares will not carry the right to receive Lighthouse's final dividend in respect of the year ended 31 December 2007, the record date for which precedes the earliest date on which the Scheme may become Effective, but will carry the right to receive all dividends and other distributions declared, paid or made on the Lighthouse Shares which have a record date after the date on which the Scheme becomes Effective. The New Lighthouse Shares will not in any event carry the right to receive the intended special interim dividend referred to in paragraph 13 of Part II of this document.

(b) ***Partial Cash Alternative***

Under the terms of the Scheme, which is subject to the Conditions and further terms set out in Appendix I to this document, Scheme Shareholders are entitled to elect to receive, in respect of such whole number of Scheme Shares as represents 50 per cent. of their total holdings of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time, a Partial Cash Alternative of:

for every Scheme Share	43.5 pence in cash
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and so in proportion for such number of Scheme Shares in respect of which a valid Cash Election is made, and they will be entitled to receive, in respect of the balance of their total holdings of Scheme Shares at the Reorganisation Record Time, the Basic Consideration described in paragraph 2(a) above.

Fractions of pence will not be paid pursuant to the Scheme and, accordingly, each Scheme Shareholder's aggregate entitlement to cash pursuant to the Partial Cash Alternative will be rounded down to the nearest whole number of pence.

Allan Rosengren, Sumus' Group Chief Executive, has irrevocably undertaken to Lighthouse not to elect for the Partial Cash Alternative (save with respect to the SSAS Shares in relation to which he has undertaken to elect for the Partial Cash Alternative). Julian Telling, Sumus' Group Operations Director, has irrevocably undertaken to Lighthouse to elect for the Partial Cash Alternative (including in respect of the SSAS Shares). Further details of these and other irrevocable undertakings are set out in paragraph 5 below. On this basis, and on the basis of the issued share capital of Sumus as at the close of business on 19 March 2008, the maximum amount of cash payable pursuant to the Partial Cash Alternative is approximately £4.4 million.

The Partial Cash Alternative will not affect the entitlements of those Scheme Shareholders who do not make Cash Elections under the Partial Cash Alternative, who will receive New Lighthouse Shares in accordance with the terms set out in paragraph 2(a) above.

Furthermore, a Scheme Shareholder's entitlement to elect to receive the Partial Cash Alternative will not depend on Cash Elections made by other Scheme Shareholders under the Partial Cash Alternative.

The Partial Cash Alternative will remain open until 1.00 p.m. on 29 April 2008 and the availability of the Partial Cash Alternative is conditional on the Scheme becoming Effective.

All cheques despatched in satisfaction of the Partial Cash Alternative will be in pounds Sterling drawn on a UK clearing bank and shall be made payable to the relevant Scheme Shareholder or, in the case of joint holders, to the joint holder whose name stands first in the register of members of Sumus in respect of such joint holding and the encashment of any such cheque shall be a complete discharge for the monies represented thereby.

(c) ***Value of the Basic Consideration***

The boards of Sumus and Lighthouse have agreed the basis for the Merger by reference to the respective market capitalisations of Sumus and Lighthouse throughout the period of discussions

between them, which commenced on 2 January 2008 and continued until 10 March 2008, being the last Business Day prior to the Announcement, disregarding minor share price fluctuations during such period.

Based on the respective sizes of the businesses of Sumus and Lighthouse and the respective average market capitalisations of Sumus (approximately £13.3 million) and Lighthouse (approximately £19.6 million) during the period of discussions between the boards of Sumus and Lighthouse, the Merger represents an approximate Sumus:Lighthouse merger ratio of 40:60.

The Basic Consideration pursuant to the Merger accordingly values each Sumus Share at 42.3 pence and the existing issued share capital of Sumus at approximately £12.6 million, based on the Closing Price of 22.5 pence per Lighthouse Share on 10 March 2008, being the latest practicable date prior to the Announcement.

These terms represent:

- a discount of approximately 4.7 per cent. to the average Closing Price of a Sumus Share between 2 January 2008 and 10 March 2008, being the period during which the Merger was negotiated between the boards of Sumus and Lighthouse;
- a premium of approximately 0.7 per cent. to the Closing Price of 42.0 pence per Sumus Share on 10 March 2008, the last Business Day prior to the date of the Announcement; and
- a premium of approximately 0.7 per cent. to the Closing Price of 42.0 pence per Sumus Share on 19 March 2008, the last Business Day prior to the date of this document,

and furthermore represent a premium, based on the Closing Price of 22.75 pence per Lighthouse Share, of approximately 1.8 per cent. to the Closing Price of 42.0 pence per Sumus Share, both Closing Prices being on 19 March 2008, the last Business Day prior to the date of this document.

Assuming no Scheme Shareholders, other than Julian Telling (including in respect of the SSAS Shares) and Allan Rosengen (only in respect of the SSAS Shares), elect for the Partial Cash Alternative and the maximum number of New Lighthouse Shares is issued pursuant to the Merger and the Scheme and no other Lighthouse Shares are issued in the period between the date of this document and the Effective Date, Scheme Shareholders will hold, in aggregate, approximately 49,134,301 Lighthouse Shares representing approximately 37.0 per cent. of the issued share capital of the Enlarged Group.

Alternatively, assuming all Scheme Shareholders, other than Allan Rosengen (save in respect of the SSAS Shares), elect for the Partial Cash Alternative and the minimum number of New Lighthouse Shares is issued pursuant to the Merger and the Scheme and no other Lighthouse Shares are issued in the period between the date of this document and the Effective Date, Scheme Shareholders will receive, in aggregate, approximately £4.4 million in cash and will hold, in aggregate, approximately 37,138,804 Lighthouse Shares representing approximately 30.7 per cent. of the issued share capital of the Enlarged Group.

Upon the Scheme becoming Effective:

- the Scheme Shares will be cancelled and in their place new ordinary shares in the capital of Sumus will be issued to Lighthouse;
- Sumus will become a private limited company and a wholly-owned subsidiary of Lighthouse;
- the New Lighthouse Shares and any cash due to each Scheme Shareholder pursuant to the Scheme will be issued or paid to such Scheme Shareholder within 14 days of the Effective Date; and
- the New Lighthouse Shares will be issued credited as fully paid, will not carry the right to receive Lighthouse's final dividend in respect of the year ended 31 December 2007 but will, in all other respects, rank *pari passu* with the Lighthouse Shares in issue at the time the New Lighthouse Shares are issued pursuant to the Scheme, including the right to receive dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. The New Lighthouse Shares will not in any event carry the right to receive the intended special interim dividend referred to in paragraph 13 of Part II of this document.

3. Background to and Reasons for Recommending The Merger

(a) *Background to the Merger*

Sumus was formed in 2000 as the holding company of Falcon, an independent financial advisory business and IFA network. Falcon had been founded in 1983 by Allan Rosengren and Julian Telling, Group Chief Executive and Group Operations Director respectively of Sumus. In 2004, Sumus launched Financial Synergies to act on behalf of IFAs who wished to access greater economies of scale while continuing to be directly regulated by the FSA.

Sumus' Ordinary Shares were admitted to trading on AIM in February 2005. At the same time Sumus raised £3 million, before expenses, through a placing of new ordinary shares at 40 pence per share with institutional and other investors. Sumus' strategy, and the principal reason for its admission to AIM, was to grow Falcon's business and to extend its geographic reach through a combination of organic growth and the acquisition of, or stakes in, IFA businesses, as it considered that it was well positioned to act as a core around which to add other IFA businesses through direct part-ownership and co-venture structures.

In September 2006, Sumus acquired FSAS, an IFA network group headquartered in Dunfermline, Scotland, for a maximum consideration of £2 million, comprising a combination of new shares and cash. FSAS was and remains one of Scotland's leading IFA networks with over 160 IFAs, approximately 60,000 clients and approximately £700 million of assets under advice. This acquisition was the first by Sumus following its admission to AIM and increased the total number of IFAs and mortgage advisers within the Sumus Group to over 300, the value of assets under advice to approximately £2 billion and improved Sumus' national coverage, particularly in Scotland and the North of England.

Sumus' offering was expanded further in February 2007 with the launch by Falcon of its proprietary asset management product, The Brunel Funds. This 'Fund of Funds' asset management facility enabled Sumus to derive further margin and value from its existing offering of independent financial advice and associated investment management services.

In June 2007, Sumus acquired 50.1 per cent. of the issued share capital of Deverill Black, a Bristol based IFA firm, for a total consideration of £0.75 million, in a combination of cash and new shares. Deverill Black had been an Appointed Representative firm of Falcon since its incorporation in 2001. The acquisition secured for the Sumus Group the above average level of fund based recurring income (from a highly selective fund management firm) and other income and fees generated by Deverill Black for the foreseeable future, and also provided the principal of Deverill Black, who remains committed to the continued growth of the business, with access to capital.

Both of the above acquisitions are considered by the Sumus Directors to be excellent fits with the existing business of Sumus from a cultural and business ethics point of view and were immediately earnings enhancing.

(b) *Reasons for recommending the Merger*

Discussions with Lighthouse commenced on 2 January 2008 and have progressed quickly and positively. The Sumus Directors believe that the merger with Lighthouse is a continuation of the Sumus Group's strategy to be actively involved in the consolidation of the IFA and wealth management sectors and that it offers the optimal way of maximising shareholder value whilst achieving an excellent cultural fit for the Sumus business. The Sumus Directors believe that the Merger will create significant value for Sumus Shareholders by bringing together two companies with excellent strategic fit and complementary skills in the IFA and wealth management sectors.

The Sumus Directors believe that Sumus and Lighthouse are complementary businesses and that their merger will create the largest autonomous entity in the market for the provision of independent financial advice and wealth management and the distribution of retail financial products in the UK, with a combined pro-forma turnover of in excess of £80 million and approximately £13 million of gross cash (which is considered to be an appropriate level of cash for the ongoing requirements of the Enlarged Group). It will have no debt, other than pursuant to the trade facility described in paragraphs 13.2(b), (c) and (d) of Appendix IV to this document.

The Merger is expected to increase the proportion of the Enlarged Group's recurring revenues, thereby increasing margins and profits, and to spread central costs over a broader business base.

The Enlarged Group will have enhanced strength and depth in its advisory, investment and business development teams and enhanced distribution opportunities. The merged entities are expected to have a combined pool of "assets under advice" of an estimated £8 billion, providing further opportunities to develop funds under management and to increase the Enlarged Group's share of product margins. Furthermore, the Merger combines the second and third fastest growing IFA businesses in the UK* and, in the opinion of the Sumus Directors, would fulfill a number of key objectives in terms of achieving meaningful size, scale and geographic coverage, whilst further broadening the range of services offered to IFAs and clients.

The Sumus Directors also believe that due to strategic benefits and its strengthened position in the market, the Enlarged Group will be better placed to exploit opportunities arising from matters such as regulatory change and other developments in the IFA and wealth management market. In addition, the increased size and scale of the Enlarged Group should strengthen its trading relationships with product manufacturers and asset managers. The Sumus Directors anticipate that the Enlarged Group will have the size, scale and reputation to continue and accelerate Sumus' successful growth strategy, both organically and by acquisition, and believe that this should facilitate the delivery of enhanced shareholder value in a shorter timescale than if Sumus were to remain as a stand alone entity.

The directors of Sumus and Lighthouse have undertaken a review of the Enlarged Group's business which suggests that it should be possible to make significant savings, of at least £1 million per annum, across the Enlarged Group and also to exploit revenue synergies following the Merger becoming Effective. It is anticipated that such cost savings will arise from the effects of the changes in the composition of the boards of Sumus and Lighthouse as described in paragraph 4 below, along with certain other operational cost reductions. Achieving such savings will require the payment of one-off costs of approximately £850,000.

Sumus has historically paid dividends in respect of each financial year where justified by reference to the distributable profits of Sumus for each of those years. Lighthouse has historically not paid dividends, however the Lighthouse Board has recommended a maiden final dividend of 0.5 pence per Lighthouse Share payable in respect of its financial year ended 31 December 2007 and intends to declare a further special interim dividend as referred to in paragraph 13 of Part II of this document. It is the intention of the Enlarged Group to adopt a progressive dividend policy having regard to appropriate levels of dividend cover in terms of the post tax profits of the Enlarged Group and its plans for the future development of the combined businesses. It is likely that future dividend payments will be made in or around November and May, respectively, in each year following publication of the interim and final results of the Enlarged Group.

The Merger provides Sumus Shareholders with an opportunity to benefit from becoming shareholders in the Enlarged Group. Sumus Shareholders may also, if they so wish, choose to accept the Partial Cash Alternative, and thereby realise approximately 50 per cent. of their investment in Sumus. In view of the potential benefits to Sumus of being part of the Enlarged Group, the Sumus Directors, having taken advice from Arbuthnot Securities, consider the terms of the Merger to be fair and reasonable so far as the Sumus Shareholders are concerned and believe that the Merger is in the best interests of Sumus Shareholders.

4. Management and Employees of Sumus

The Lighthouse Board has given assurances to the Sumus Directors that, following the Merger becoming Effective, the existing contractual employment rights, including pension rights, of all employees of the Sumus Group will continue to be safeguarded.

The Lighthouse Board has also given assurances to the Sumus Directors that, following the Merger becoming Effective, it intends to give the management and employees of the Sumus Group equivalent

* Source: Professional Adviser Supplement: edition February 2008.

opportunities to participate in relevant share option schemes operated by Lighthouse as the management and employees of the Lighthouse Group and that, following the Merger becoming Effective, it intends, subject to the terms and conditions of those share option schemes, to grant options thereunder to those managers and employees of the Sumus Group to whom the Sumus Board made formal commitments, whether legally binding or not, regarding the grant of options over Sumus Shares prior to the Announcement.

The Sumus Directors believe that the Enlarged Group's prospects for growth should lead to increased employment opportunities. Accordingly, the Sumus Directors consider the Merger to be in the best interests of the management and employees of the Sumus Group.

On the Scheme becoming Effective, it is proposed that Allan Rosengren, Sumus' Group Chief Executive, Peter Smith, Sumus' Group Finance Director, and Andrew Snowball, one of Sumus' non-executive Directors and an executive director of FSAS, will join the board of Lighthouse. It has also been agreed that John Stevenson and Philip Whitehead, two of the Lighthouse Directors, will resign from the Lighthouse Board (in the case of John Stevenson, his resignation will take effect on 3 May 2008 and, in the case of Philip Whitehead, his resignation will take effect on the later of the Scheme becoming Effective and 3 May 2008). In view of the number of executive directors which will comprise the Lighthouse Board on the Scheme becoming Effective, Lighthouse proposes to seek the appointment of an additional non-executive director to the Lighthouse Board as soon as practicable following the Scheme becoming Effective.

It is intended that each of Allan Rosengren, Peter Smith and Andrew Snowball will enter into new terms and conditions of employment or engagement with Lighthouse following the Scheme becoming Effective. Further details of the Sumus Directors' current service agreements and letters of appointment are set out in paragraphs 11.1 and 11.2 of Appendix IV to this document.

On the Scheme becoming Effective, Julian Telling, Sumus' Group Operations Director, will resign from his position as a director of, and his employment with, the Company with compensation. In addition, I will resign as a director of the Company and the agreement between my service company and the Company will terminate on the Scheme becoming Effective without compensation. Further details of Julian Telling's compromise agreement and my resignation letter are set out in paragraph 11.3 of Appendix IV to this document.

Save as set out in this paragraph 4, Lighthouse has no current plans to change the strategy of Sumus, its fixed assets or its operational places of business.

5. Irrevocable undertakings

The Merger and the implementation of the Scheme are conditional, *inter alia*, on the requisite majority of Scheme Shareholders approving the Scheme at the Scheme Meeting and the requisite majority of Sumus Shareholders passing the Special Resolution at the Extraordinary General Meeting.

Lighthouse has received irrevocable undertakings from each of the Sumus Directors and certain persons connected with them, who are together interested in a total of 17,578,627 Sumus Shares, representing approximately 58.83 per cent. of the existing issued share capital of Sumus, to vote (or procure the vote of) such Sumus Shares in favour of the Scheme and the Merger at the Scheme Meeting and the Extraordinary General Meeting, respectively. All such irrevocable undertakings will remain binding even if a higher competing offer is made for Sumus.

Pursuant to his irrevocable undertaking given to Lighthouse, Allan Rosengren, Sumus' Group Chief Executive, has undertaken not to elect to receive the Partial Cash Alternative, save in respect of the SSAS Shares (in respect of which SSAS Shares he has undertaken to elect for the Partial Cash Alternative).

Pursuant to his irrevocable undertaking given to Lighthouse, Julian Telling, Sumus' Group Operations Director, has undertaken to elect to receive the Partial Cash Alternative, including in respect of the SSAS Shares.

Lighthouse has also received irrevocable undertakings from certain other Sumus Shareholders, who are together interested in a total of 3,158,132 Sumus Shares, representing approximately 10.57 per cent. of

the existing issued share capital of Sumus, to vote (or procure the vote of) such Sumus Shares in favour of the Scheme and the Merger at the Scheme Meeting and the Extraordinary General Meeting, respectively. These irrevocable undertakings will also remain binding even if a higher competing offer is made for Sumus.

Accordingly, Lighthouse has received irrevocable undertakings to vote (or procure the vote) in favour of the Scheme and the Merger at the Scheme Meeting and in favour of the Special Resolution at the Extraordinary General Meeting in respect of, in aggregate, 20,736,759 Sumus Shares, representing, in aggregate, approximately 69.40 per cent. of Sumus' existing issued share capital.

The total number of Sumus Shares in respect of which Lighthouse has received irrevocable undertakings to vote (or procure the vote) in favour of the Scheme and the Merger set out above varies from the total number set out in the Announcement as Lighthouse has received further such irrevocable undertakings following the Announcement.

6. Lighthouse General Meeting

The Merger and the implementation of the Scheme are conditional, *inter alia*, on Lighthouse Shareholders passing the Lighthouse Scheme Resolution which is contained in the notice convening the Lighthouse General Meeting which is set out at the end of the Lighthouse Circular.

The Lighthouse Directors have irrevocably undertaken to vote (or procure or use reasonable endeavours to procure the vote) in favour of the Lighthouse Resolutions in respect of all their beneficial holdings of, in aggregate, 2,147,684 Lighthouse Shares which represent, in aggregate, approximately 2.56 per cent. of the existing issued share capital of Lighthouse.

In addition, undertakings to vote (or procure the vote) in favour of the Lighthouse Resolutions have been received from certain other Lighthouse Shareholders in respect of, in aggregate, 40,370,650 Lighthouse Shares representing approximately a further 48.22 per cent. of the existing issued share capital of Lighthouse.

Accordingly, Lighthouse has received irrevocable undertakings to vote (or procure or use reasonable endeavours to procure the vote) in favour of the Lighthouse Resolutions at the Lighthouse General Meeting in respect of, in aggregate, 42,518,334 Lighthouse Shares, representing, in aggregate, approximately 50.79 per cent. of Lighthouse's existing issued share capital.

The total number of Lighthouse Shares in respect of which Lighthouse has received irrevocable undertakings to vote (or procure or use reasonable endeavours to procure the vote) in favour of the Lighthouse Resolutions set out above varies from the total number set out in the Announcement as Lighthouse has received further such irrevocable undertakings following the Announcement.

7. Admission to Trading on AIM

It is proposed that Sumus will apply to the London Stock Exchange for the cessation of trading in Sumus Shares and the cancellation of the admission of Sumus Shares to trading on AIM. It is expected that the last day of dealings in Sumus Shares will be 29 April 2008 and that cancellation of the admission of Sumus Shares to trading on AIM will take effect on 6 May 2008.

It is further proposed that Lighthouse will make an application to the London Stock Exchange for the New Lighthouse Shares to be admitted to trading on AIM. It is expected that such Admission will become effective, and that dealings in New Lighthouse Shares will commence, on 6 May 2008.

Your attention is also drawn to paragraphs 17 and 18 of Part II of this document in relation to the suspension of trading in, and the cancellation of admission to trading of, the Sumus Shares on AIM and the admission of the New Lighthouse Shares to trading on AIM.

8. United Kingdom Taxation

Your attention is drawn to Appendix VI to this document. Sumus Shareholders are advised to consult an independent professional adviser on their tax positions prior to taking any action in relation to the Merger or the Scheme.

9. Action to be taken

Your attention is drawn to paragraph 22 of Part II of this document, which explains the action you should take in relation to the Merger and the Scheme.

Please read the remainder of this document carefully, including the letter from Arbuthnot Securities set out in Part II of this document, being the Explanatory Statement made in compliance with section 426 of the Companies Act 1985.

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

If you have any questions relating to this document or the completion and return of the Forms of Proxy or the Form of Election, please contact Computershare Investor Services PLC on 0870 707 1325 (or, if you are calling from outside the United Kingdom, +44 870 707 1325) between 8.30 a.m. and 5.00 p.m. on any Business Day. The helpline cannot provide advice on the merits of the Merger or the Scheme and cannot give any legal, taxation or financial advice.

Overseas Shareholders should refer to paragraph 19 of the Explanatory Statement set out in Part II of this document.

Details relating to settlement are included in paragraph 21 of the Explanatory Statement set out in Part II of this document.

10. Recommendation

The Sumus Directors, who have been so advised by Arbuthnot Securities, consider the terms of the Merger and the Scheme to be fair and reasonable so far as the Sumus Shareholders are concerned. In providing its advice to the Sumus Directors, Arbuthnot Securities has taken into account the commercial assessments of the Sumus Directors.

Accordingly, the Sumus Board unanimously recommends that Sumus Shareholders vote in favour of the Scheme at the Scheme Meeting and in favour of the Special Resolution to be proposed at the Extraordinary General Meeting, as the Sumus Directors and certain persons connected with them have irrevocably undertaken to do in respect of all their beneficial and other interests in Sumus Shares, amounting in aggregate to 17,578,627 Sumus Shares, representing approximately 58.83 per cent. of the existing issued share capital of Sumus.

Yours faithfully,

Paul Bradshaw
Chairman

PART II

EXPLANATORY STATEMENT

(in compliance with section 426 of the Companies Act 1985)

Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

20 March 2008

To: Scheme Shareholders

Dear Scheme Shareholder,

Recommended proposals for the Merger of Sumus Plc and Lighthouse Group plc

1. Introduction

On 11 March 2008, the boards of Sumus and Lighthouse announced that they had agreed the terms of a recommended merger of Sumus and Lighthouse, whereby Lighthouse would acquire, for shares and cash, the entire issued and to be issued share capital of Sumus.

It is intended that the Merger will be implemented by way of a scheme of arrangement pursuant to section 425 of the Companies Act 1985 involving a reduction of capital under section 135 of the Companies Act 1985 and that, subject to the satisfaction or, where appropriate, waiver of the Conditions, the Merger and the Scheme will become Effective on or about 6 May 2008.

The Sumus Directors have been advised by Arbuthnot Securities in connection with the Merger and the Scheme. We have been authorised by the Sumus Directors to write to you to explain the Merger and to provide you with other relevant information. Statements made in this letter which refer to the background to and reasons for recommending the Merger, information concerning the business of Sumus and intentions and expectations regarding Sumus reflect the views of the Sumus Directors and, where so specified, the Lighthouse Directors.

In giving its advice, Arbuthnot Securities is advising the Sumus Directors in relation to the Merger and the Scheme and is not acting for any Sumus Shareholders in relation to the Merger or the Scheme. Arbuthnot Securities will not be responsible to any such person for providing the protections afforded to its clients or for advising any such person in relation to the Merger.

This letter sets out and explains the provisions of the Scheme. The Scheme is set out in full in Part III of this document. Your attention is also drawn to the "Conditions to and certain further terms of the Merger" set out in Appendix I to this document and the "Additional Information" set out in Appendix IV to this document.

The interests of the Sumus Directors in the share capital of Sumus are set out in paragraph 5 of Appendix IV to this document.

2. Recommendation of the Merger

Your attention is drawn to the letter from the Chairman of Sumus set out in Part I of this document, which contains the background to and reasons for the Sumus Board's recommendation of the Merger and the Scheme and which states that the Sumus Directors, who have been so advised by Arbuthnot Securities, consider the terms of the Merger and the Scheme to be fair and reasonable in so far as the Sumus Shareholders are concerned. In providing its advice to the Sumus Directors, Arbuthnot Securities has taken into account the Sumus Directors' commercial assessments.

The Sumus Board unanimously recommends that Sumus Shareholders vote in favour of the Scheme at the Scheme Meeting and in favour of the Special Resolution to be proposed at the Extraordinary General

Meeting, as the Sumus Directors and certain persons connected with them have irrevocably undertaken to do in respect of all their beneficial and other interests in Sumus Shares, being in aggregate 17,578,627 Sumus Shares representing approximately 58.83 per cent. of the existing issued share capital of Sumus.

3. The Merger

Under the terms of the Scheme, which is subject to the Conditions and further terms set out in Appendix I to this document, Scheme Shareholders will be entitled to receive in respect of all their Scheme Shares where no valid election for the Partial Cash Alternative is made:

for every Scheme Share **1.88 New Lighthouse Shares**

or, if Scheme Shareholders validly elect for the Partial Cash Alternative in respect of such whole number of Scheme Shares as represents 50 per cent. of their total holdings of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time:

for every Scheme Share comprising 50 per cent. of a total holding of Sumus Shares (rounded up to the nearest whole number of Scheme Shares) **1.88 New Lighthouse Shares; and**

for every Scheme Share comprising 50 per cent. of a total holding of Scheme Shares (rounded down to the nearest whole number of Scheme Shares) **43.5 pence in cash**

and so in proportion for such number of Scheme Shares held, subject to fractions being treated in the manner described in more detail in paragraphs 7 and 8 below.

The boards of Sumus and Lighthouse have agreed the basis for the Merger by reference to the respective market capitalisations of Sumus and Lighthouse throughout the period of discussions between them, which commenced on 2 January 2008 and continued up to 10 March 2008, being the last Business Day prior to the Announcement, disregarding minor share price fluctuations during such period.

Based on the respective sizes of the businesses of Sumus and Lighthouse and the respective average market capitalisations of Sumus (approximately £13.3 million) and Lighthouse (approximately £19.6 million) during the period of discussions between the boards of Sumus and Lighthouse, the Merger represents an approximate Sumus:Lighthouse merger ratio of 40:60.

The Basic Consideration pursuant to the Merger accordingly values each Sumus Share at 42.3 pence and the whole of Sumus' existing issued share capital at approximately £12.6 million (based on the Closing Price of 22.5 pence per Lighthouse Share on 10 March 2008, being the latest practicable date prior to the Announcement).

These terms represent:

- a discount of approximately 4.7 per cent. to the average Closing Price of a Sumus Share between 2 January 2008 and 10 March 2008, being the period during which the Merger was negotiated between the boards of Sumus and Lighthouse;
- a premium of approximately 0.7 per cent. to the Closing Price of 42.0 pence per Sumus Share on 10 March 2008, the last Business Day prior to the date of the Announcement; and
- a premium of approximately 0.7 per cent. to the Closing Price of 42.0 pence per Sumus Share on 19 March 2008, the last Business Day prior to the date of this document,

and furthermore represent a premium, based on the Closing Price of 22.75 pence per Lighthouse Share, of approximately 1.8 per cent. to the Closing Price of 42.0 pence per Sumus Share, both Closing Prices being on 19 March 2008, the last Business Day prior to the date of this document.

Assuming there is no take up of the Partial Cash Alternative, other than by Julian Telling (who has irrevocably undertaken to elect to receive the Partial Cash Alternative including in respect of the SSAS Shares) and Allan Rosengren (who has irrevocably undertaken to elect to receive the Partial Cash Alternative only in respect of the SSAS Shares) and the maximum number of New Lighthouse Shares are issued pursuant to the Merger and the Scheme and no other Lighthouse Shares are issued in the

period between the date of this document and the Effective Date, Sumus Shareholders will hold approximately 49,134,301 Lighthouse Shares representing approximately 37.0 per cent. of the issued share capital of the Enlarged Group.

Alternatively, assuming the Partial Cash Alternative is taken up in full, other than by Allan Rosengren (who has irrevocably undertaken not to elect to receive the Partial Cash Alternative, save in respect of the SSAS Shares) and the minimum number of New Lighthouse Shares are issued pursuant to the Merger and the Scheme and no other Lighthouse Shares are issued in the period between the date of this document and the Effective Date, Sumus Shareholders will hold approximately 37,138,804 Lighthouse Shares representing approximately 30.7 per cent. of the issued share capital of the Enlarged Group and will receive a total amount of approximately £4.4 million in cash.

Upon the Scheme becoming Effective:

- the Scheme Shares will be cancelled and in their place new ordinary shares in the capital of Sumus will be issued to Lighthouse;
- Sumus will become a private limited company and a wholly-owned subsidiary of Lighthouse;
- the New Lighthouse Shares and any cash due to each Sumus Shareholder pursuant to the Scheme will be issued or paid to such Sumus Shareholder within 14 days of the Effective Date; and
- the New Lighthouse Shares will be issued credited as fully paid, will not carry the right to receive Lighthouse's final dividend in respect of the financial year ended 31 December 2007 but will, in all other respects, rank *pari passu* with the Lighthouse Shares in issue at the time the New Lighthouse Shares are issued pursuant to the Scheme, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. The New Lighthouse Shares will not in any event carry the right to receive the intended special interim dividend referred to in paragraph 13 below. A summary of the principal rights attached to the Lighthouse Shares is set out in paragraph 10 of Appendix IV to this document.

Once Effective, the Scheme will be binding on all Scheme Shareholders, including those Scheme Shareholders who did not vote, or who voted against approving the Scheme, at the Meetings, or who could not be traced.

Your decision as to whether to vote in favour of the Merger and the Scheme will depend on your individual circumstances, including your tax position. If you are in any doubt as to the action you should take, you are urged to seek your own independent financial advice.

4. Background to and reasons for recommending the Merger

(a) *Background to the Merger*

Sumus was formed in 2000 as the holding company of Falcon, an independent financial advisory business and IFA network. Falcon had been founded in 1983 by Allan Rosengren and Julian Telling, Group Chief Executive and Group Operations Director respectively of Sumus. In 2004, Sumus launched Financial Synergies to act on behalf of IFAs who wished to access greater economies of scale while continuing to be directly regulated by the FSA.

Sumus' Ordinary Shares were admitted to trading on AIM in February 2005. At the same time Sumus raised £3 million, before expenses, through a placing of new ordinary shares at 40 pence per share with institutional and other investors. Sumus' strategy, and the principal reason for its admission to AIM, was to grow Falcon's business and to extend its geographic reach through a combination of organic growth and the acquisition of, or stakes in, IFA businesses, as it considered that it was well positioned to act as a core around which to add other IFA businesses through direct part-ownership and co-venture structures.

In September 2006, Sumus acquired FSAS, an IFA network group headquartered in Dunfermline, Scotland, for a maximum consideration of £2 million, comprising a combination of new shares and cash. FSAS was and remains one of Scotland's leading IFA networks with over 160 IFAs, approximately 60,000 clients and approximately £700 million of assets under advice. This acquisition was the first by Sumus following its admission to AIM and increased the total number of IFAs and

mortgage advisers within the Sumus Group to over 300, the value of assets under advice to approximately £2 billion and improved Sumus' national coverage, particularly in Scotland and the North of England.

Sumus' offering was expanded further in February 2007 with the launch by Falcon of its proprietary asset management product, The Brunel Funds. This 'Fund of Funds' asset management facility enabled Sumus to derive further margin and value from its existing offering of independent financial advice and associated investment management services.

In June 2007, Sumus acquired 50.1 per cent. of the issued share capital of Deverill Black, a Bristol based IFA firm, for a total consideration of £0.75 million, in a combination of cash and new shares. Deverill Black had been an Appointed Representative firm of Falcon since its incorporation in 2001. The acquisition secured for the Sumus Group the above average level of fund based recurring income (from a highly selective fund management firm) and other income and fees generated by Deverill Black for the foreseeable future, and also provided the principal of Deverill Black, who remains committed to the continued growth of the business, with access to capital.

Both of the above acquisitions are considered by the Sumus Directors to be excellent fits with the existing business of Sumus from a cultural and business ethics point of view and were immediately earnings enhancing.

(b) ***Reasons for recommending the Merger***

Discussions with Lighthouse commenced on 2 January 2008 and have progressed quickly and positively. The Sumus Directors believe that the merger with Lighthouse is a continuation of the Sumus Group's strategy to be actively involved in the consolidation of the IFA and wealth management sectors and that it offers the optimal way of maximising shareholder value while achieving an excellent cultural fit for the Sumus business. The Sumus Directors believe that the Merger will create significant value for Sumus Shareholders by bringing together two companies with excellent strategic fit and complementary skills in the IFA and wealth management sectors.

The Sumus Directors believe that Sumus and Lighthouse are complementary businesses and that their merger will create the largest autonomous entity in the market for the provision of independent financial advice and wealth management and the distribution of retail financial products in the UK, with a combined pro-forma turnover of in excess of £80 million and approximately £13 million of gross cash (which is considered to be an appropriate level of cash for the ongoing requirements of the Enlarged Group). It will have no debt, other than pursuant to the trade facility described in paragraphs 13.2(b), (c) and (d) of Appendix IV to this document. The Merger is expected to increase the proportion of the Enlarged Group's recurring revenues, thereby increasing margins and profits, and to spread central costs over a broader business base.

The Enlarged Group will have enhanced strength and depth in its advisory, investment and business development teams and enhanced distribution opportunities. The merged entities are expected to have a combined pool of "assets under advice" of an estimated £8 billion, providing further opportunities to develop funds under management and to increase the Enlarged Group's share of product margins. Furthermore, the Merger combines the second and third fastest growing IFA businesses in the UK² and, in the opinion of the Sumus Directors, would fulfill a number of key objectives in terms of achieving meaningful size, scale and geographic coverage, whilst further broadening the range of services offered to IFAs and clients.

The Sumus Directors also believe that due to strategic benefits and its strengthened position in the market, the Enlarged Group will be better placed to exploit opportunities arising from matters such as regulatory change and other developments in the IFA and wealth management market. In addition, the increased size and scale of the Enlarged Group should strengthen its trading relationships with product manufacturers and asset managers. The Sumus Directors anticipate that the Enlarged Group will have the size, scale and reputation to continue and accelerate Sumus' successful growth strategy, both organically and by acquisition and believe that this should facilitate the delivery of enhanced shareholder value in a shorter timescale than if Sumus were to remain as a stand alone entity.

² Source: Professional Adviser Supplement: edition February 2008.

The directors of Sumus and Lighthouse have undertaken a review of the Enlarged Group's business which suggests that it should be possible to make significant savings, of at least £1 million per annum, across the Enlarged Group and also to exploit revenue synergies following the Merger becoming Effective. It is anticipated that such cost savings will arise from the effects of the changes in the composition of the boards of Sumus and Lighthouse as described in paragraph 10 below, along with certain other operational cost reductions. Achieving such savings will require the payment of one-off costs of approximately £850,000.

Sumus has historically paid dividends in respect of each financial year where justified by reference to the distributable profits of Sumus for each of those years. Lighthouse has historically not paid dividends, however the Lighthouse Board has recommended a maiden final dividend of 0.5 pence per Lighthouse Share payable in respect of its financial year ended 31 December 2007 and intends to declare a further special interim dividend as referred to in paragraph 13 below. It is the intention of the Enlarged Group to adopt a progressive dividend policy having regard to appropriate levels of dividend cover in terms of the post tax profits of the Enlarged Group and its plans for the future development of the combined businesses. It is likely that future dividend payments will be made in or around November and May, respectively, in each year following the publication of the interim and final results of the Enlarged Group.

The Merger provides Sumus Shareholders with an opportunity to benefit from becoming shareholders in the Enlarged Group. Sumus Shareholders may also, if they so wish, choose to accept the Partial Cash Alternative, and thereby realise approximately 50 per cent. of their investment in Sumus. In view of the potential benefits to Sumus of being part of the Enlarged Group, the Sumus Directors, having taken advice from Arbuthnot Securities, consider the terms of the Merger to be fair and reasonable and believe that the Merger is in the best interests of Sumus Shareholders.

5. Financial effects of the Merger and of acceptance of the Merger

If the Scheme becomes Effective, the Enlarged Group will have, on a pro-forma basis, a strong balance sheet with net assets of approximately £22 million and aggregate gross cash balances of approximately £13 million (based on Lighthouse's audited preliminary results for the year ended 31 December 2007 which were announced on 11 March 2008, and Sumus' audited final results for the year ended 30 September 2007, which were announced on 22 January 2008). This is significantly in excess of the Enlarged Group's regulatory capital requirements and will provide flexibility to finance both organic growth and growth by acquisition of the Enlarged Group.

The following table shows, for illustrative purposes only and on the basis and assumptions set out in the notes below, the financial effects of the Merger on the capital value and income for a holder of 100 Sumus Shares if the Scheme becomes Effective. The table below compares the Merger value on 19 March 2008 (being the last Business Day prior to the publication of this document) with the Closing Price of 42.0 pence for each Sumus Share on 10 March 2008 (being the last Business Day prior to the date of the Announcement).

	£
Increase in capital value⁽¹⁾	
Consideration received on sale of 100 Sumus Shares ⁽²⁾	
Market value of 188 Lighthouse Shares ⁽³⁾	42.77
Market value of 100 Sumus Shares ⁽⁴⁾	42.00
<i>Increase in capital value</i>	0.77
<i>Representing an increase of</i>	1.8%
	<i>Pence</i>
Increase in income⁽¹⁾	
Dividend income on 188 Lighthouse Shares ⁽⁵⁾	94
Dividend income on 100 Sumus Shares ⁽⁶⁾	68
<i>Increase in income</i>	26
<i>Representing an increase of</i>	38.2%

- (1) No account is taken of any potential tax liability.
- (2) Assumes no election is made for the Partial Cash Alternative.
- (3) The market value of Lighthouse Shares is based on the Closing Price of 22.75 pence per Lighthouse Share as at 19 March 2008 (being the last Business Day prior to the publication of this document).
- (4) The market value of Sumus Shares is based on the Closing Price of 42.0 pence per Sumus Share as at 10 March 2008 (being the last Business Day prior to the date of the Announcement).
- (5) The income on a Lighthouse Share is based on the maiden final dividend of 0.5 pence per Lighthouse Share recommended in respect of the year ended 31 December 2007, as Lighthouse did not declare an interim dividend during that period.
- (6) The income on a Sumus Share is based on the final dividend of 0.68 pence per Sumus Share paid out of a total of 1.0 pence per Sumus Share in respect of the year ended 30 September 2007.

6. Structure of the Merger

The Merger will be effected by way of the Scheme. The Scheme is an arrangement made between Sumus and the Scheme Shareholders under section 425 of the Companies Act 1985, subject to the approval of the Court. The Merger involves applications by Sumus to the Court to sanction the Scheme and to confirm the related Capital Reduction, in consideration for which Scheme Shareholders on the register of members of the Company at the Reorganisation Record Time will receive New Lighthouse Shares and (depending on Cash Elections validly made under the Partial Cash Alternative) cash on the basis set out in paragraph 3 of this Part II. The cancellation of the Scheme Shares and the subsequent issue of New Sumus Shares to Lighthouse provided for in the Scheme will result in Sumus becoming a wholly owned subsidiary of Lighthouse.

The terms of the reorganisation of the share capital of Sumus required to give effect to the Scheme are set out in clause 1 of the Scheme contained in Part III of this document and in the notice of Extraordinary General Meeting set out in Appendix X to this document.

The other terms of the Scheme are contained in Part III of this document. The Scheme is also subject to the Conditions and further terms set out in Appendix I to this document.

7. Terms of the Basic Consideration

If the Scheme becomes Effective, Scheme Shareholders on the register of members of the Company at the Reorganisation Record Time who have not made valid Cash Elections pursuant to the Partial Cash Alternative will be entitled to receive, in respect of their entire holdings of Scheme Shares at such time, the Basic Consideration of:

for every Scheme Share	1.88 New Lighthouse Shares
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and so in proportion for the total number of Scheme Shares held where no valid Cash Election is made.

Fractions of New Lighthouse Shares will not be allotted or issued pursuant to the Scheme and, accordingly, each Scheme Shareholder's aggregate entitlement to New Lighthouse Shares shall be rounded down to the nearest whole number of New Lighthouse Shares.

The New Lighthouse Shares will not carry the right to receive Lighthouse's final dividend in respect of the year ended 31 December 2007 but will in other respects rank *pari passu* with the existing Lighthouse Shares, including the right to receive all dividends and other distributions declared, paid or made by reference to a record date falling after the Effective Date. The New Lighthouse Shares will not in any event carry the right to receive the intended special interim dividend referred to in paragraph 13 of Part II of this document.

8. Terms of the Partial Cash Alternative

If the Scheme becomes Effective, Scheme Shareholders on the register of members of the Company at the Reorganisation Record Time who have made valid Cash Elections pursuant to the Partial Cash Alternative will be entitled to receive, in respect of such whole number of Scheme Shares as represents 50 per cent. of their total holdings of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to such time, a Partial Cash Alternative of:

for every Scheme Share	43.5 pence in cash
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and so in proportion for such number of Scheme Shares held in respect of which a valid Cash Election is made, and they will be entitled to receive, in respect of the balance of their total holdings of Scheme Shares at the Reorganisation Record Time, the Basic Consideration described in paragraph 7 above.

Fractions of pence will not be paid pursuant to the Scheme and, accordingly, each Scheme Shareholder's aggregate entitlement to cash pursuant to the Partial Cash Alternative shall be rounded down to the nearest whole number of pence.

Allan Rosengren, Sumus' Group Chief Executive, has irrevocably undertaken to Lighthouse not to exercise his entitlement to elect to receive the Partial Cash Alternative (save in respect of the SSAS Shares in relation to which he has undertaken to elect for the Partial Cash Alternative). Julian Telling, Sumus' Group Operations Director, has irrevocably undertaken to Lighthouse to exercise his entitlement to elect to receive the Partial Cash Alternative (including in respect of the SSAS Shares). Further details of these and other irrevocable undertakings are set out in paragraph 11 below. On this basis, the maximum amount of cash payable pursuant to the Partial Cash Alternative is approximately £4.4 million.

The Partial Cash Alternative will not affect the entitlements of those Scheme Shareholders who do not make Cash Elections under the Partial Cash Alternative, each of whom will receive New Lighthouse Shares in accordance with the terms of the Basic Consideration, set out in paragraph 7 above.

A Scheme Shareholder's entitlement to receive the Partial Cash Alternative will not depend on Cash Elections made by other Scheme Shareholders under the Partial Cash Alternative.

The Partial Cash Alternative (and the right to withdraw a Cash Election made under the Partial Cash Alternative) will remain open until 1.00 p.m. on 29 April 2008, or such later date (if any) as Sumus and Lighthouse may agree and the Court may allow. The availability of the Partial Cash Alternative is conditional on the Scheme becoming Effective.

All cheques despatched in satisfaction of the Partial Cash Alternative will be in pounds Sterling drawn on a UK clearing bank and shall be made payable to the relevant Sumus Shareholder issued at the Sumus Shareholder's own risk.

Details of how Scheme Shareholders can make a Cash Election under the Partial Cash Alternative are set out in Appendix V to this document.

9. Shareholder Meetings and Court Hearings

Before the Court can be asked to sanction the Scheme, the Scheme must be approved by Scheme Shareholders at the Scheme Meeting and the Special Resolution must be passed by Sumus Shareholders at the Extraordinary General Meeting. Notices of the Meetings are set out in Appendices IX and X to this document, respectively.

The entitlement of Sumus Shareholders to attend and vote at the Meetings, and the number of votes which may be cast at the Meetings, will be determined by reference to their holdings of Sumus Shares as shown in Sumus' register of members at the Voting Record Time or, if such Meetings are adjourned, in Sumus' register of members at 6.00 p.m. on the second day before the relevant adjourned Meeting(s).

(a) *The Scheme Meeting*

Notice of the Scheme Meeting, which is being held in accordance with the directions of the Court, is set out in Appendix IX to this document. The Scheme Meeting is being held for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme. The Scheme Meeting has been convened for 11.00 a.m. on Monday, 14 April 2008 at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH.

The quorum for the Scheme Meeting will be one or more Scheme Shareholder(s) present in person or by proxy. Voting at the Scheme Meeting will be by poll and not a show of hands and each Scheme Shareholder present, whether in person or by proxy, will be entitled to one vote for each

Scheme Share held. The approval required at the Scheme Meeting is a majority in number of those Scheme Shareholders who are present and vote at the Scheme Meeting, either in person or by proxy, and who represent 75 per cent. or more in nominal value of the Scheme Shares held by such Scheme Shareholders.

Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Scheme Meeting.

It is important that as many votes as possible are cast (whether in person or by proxy) at the Scheme Meeting so that the Court can be satisfied that there is a fair and reasonable representation of the opinion of Scheme Shareholders. You are therefore strongly urged to complete the BLUE Form of Proxy as soon as possible, and in any event by 11.00 a.m. on 12 April 2008 for the Scheme Meeting. A BLUE Form of Proxy for the Scheme Meeting not lodged at the relevant time may be handed to the Chairman of the Scheme Meeting or the Registrars, Computershare Investor Services PLC, on behalf of the Chairman of the Scheme Meeting before the taking of the poll.

(b) *The Extraordinary General Meeting*

Notice of the Extraordinary General Meeting is set out in Appendix X to this document. The Extraordinary General Meeting is being held for the purpose of considering and, if thought fit, passing the Special Resolution. The Extraordinary General Meeting has been convened for 11.15 a.m. on Monday, 14 April 2008 (or as soon thereafter as the Scheme Meeting is concluded or adjourned) at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH. The purpose of the Special Resolution is to approve:

- (i) the reorganisation of Sumus' share capital referred to in paragraph (c) below;
- (ii) the Capital Reduction and the issue of New Sumus Shares to Lighthouse provided for in the Scheme; and
- (iii) certain amendments to the Articles in accordance with the Scheme as described below.

It is proposed that the Articles be amended so as to ensure that any Sumus Shares issued at any time on or after the Voting Record Time but prior to the Reorganisation Record Time will be subject to the terms of the Scheme and that any Sumus Shares issued after the Reorganisation Record Time (which are not subject to the terms of the Scheme) will automatically be acquired by Lighthouse for the Basic Consideration which is due under the Scheme. This amendment will avoid any person (other than Lighthouse) holding shares in the capital of Sumus after the Effective Date.

The quorum for the Extraordinary General Meeting will be two or more Sumus Shareholders, entitled to attend and vote on the business to be transacted at the Extraordinary General Meeting, whether present in person, by proxy or, being a corporation, by duly authorised representative. Voting on the Special Resolution at the Extraordinary General Meeting will be on a show of hands, unless a poll is duly demanded. The Chairman reserves the right to demand that the votes be cast by way of a poll and, in such event, each Sumus Shareholder present, whether in person, by proxy or, being a corporation, by duly authorised representative, will be entitled to one vote for every Sumus Share held. In order to be passed, the Special Resolution requires a majority in favour of not less than 75 per cent. of the votes cast by Sumus Shareholders at the Extraordinary General Meeting.

(c) *The Share Capital Reorganisation*

The Scheme will include a reorganisation of Sumus' share capital whereby the Scheme Shares will, in accordance with the terms of the Scheme, be reclassified into A Shares and B Shares. The share capital reorganisation will take effect from the Reorganisation Record Time, from which point the A Shares will carry the right to receive the New Lighthouse Shares and the B Shares will carry the right to receive the cash payable under the Partial Cash Alternative, in each case in accordance with the terms of the Scheme. Each A Share shall confer upon the Holder thereof the right to receive 1.88 New Lighthouse Shares and each B Share shall confer upon the Holder thereof the right to receive 43.5 pence in cash, subject to no fractions of New Lighthouse Shares being allotted and no fractions of pence being paid in respect of aggregate entitlements to New Lighthouse Shares and cash, respectively.

Following the share capital reorganisation taking effect and upon the Capital Reduction becoming effective, the A Shares and the B Shares will be cancelled and Scheme Shareholders will be issued with New Lighthouse Shares and paid cash under the Partial Cash Alternative in proportion to their holdings of A Shares and B Shares respectively. No temporary documents of title will be issued to Sumus Shareholders in respect of the A Shares or the B Shares. If, for any reason, the Capital Reduction does not become effective within five Business Days of the Reorganisation Record Time, or such later time and date as Sumus and Lighthouse may agree and the Court may allow, the share capital reorganisation described above will be reversed and Scheme Shareholders will hold such number of Ordinary Shares as they held immediately prior to the Reorganisation Record Time.

(d) ***The Court Hearings***

The Scheme also requires the sanction of the Court. The Court Hearing to sanction the Scheme is expected to be held on Wednesday, 30 April 2008. The Court Hearing to confirm the Capital Reduction is expected to be held on Thursday, 1 May 2008. Lighthouse has confirmed that it will be represented by counsel at the Scheme Court Hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme will comprise two parts. The first part, which effects the share capital reorganisation referred to in paragraph (c) above, will become effective in accordance with its terms, with effect from the Reorganisation Record Time, on delivery of an office copy of the Scheme Court Order to the Registrar of Companies. The second part, which gives effect to the Merger, will become effective in accordance with its terms on the delivery of an office copy of the Reduction Court Order to the Registrar of Companies and registration of such office copy by him. It is currently expected that the second part of the Scheme will become effective not more than 24 hours after the first part of the Scheme has become effective.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Scheme Meeting and whether or not they attended or voted in favour of the Special Resolution at the Extraordinary General Meeting. If the Scheme does not become Effective by the Long Stop Date (or such later date (if any) as Sumus and Lighthouse may agree and the Court may allow), the Scheme will not proceed.

(e) ***Lighthouse Shareholder approval***

As a result of the New Lighthouse Shares to be allotted and issued by Lighthouse under the terms of the Scheme, Lighthouse is required to seek the approval of the Lighthouse Shareholders to the requisite authorities and powers to issue and allot such New Lighthouse Shares at the Lighthouse General Meeting.

The Merger is therefore conditional on, *inter alia*, the Lighthouse Scheme Resolution being passed by the Lighthouse Shareholders at the Lighthouse General Meeting, which is scheduled for 10.00 a.m. on 14 April 2008. Lighthouse has prepared and has today sent to Lighthouse Shareholders the Lighthouse Shareholder Circular, containing a notice of the Lighthouse General Meeting.

(f) ***Modifications to the Scheme***

The Scheme contains a provision for Sumus and Lighthouse to consent on behalf of all persons affected to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of any modification, addition or condition.

It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which in the opinion of the Sumus Directors is of such a nature or importance that it requires the consent of Scheme Shareholders, the Sumus Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

(g) ***Conditions to the Scheme***

The Conditions to the Scheme and the Merger are set out in full in Appendix I to this document.

These include, *inter alia*:

- the approval of the Scheme and the Special Resolution by the requisite majorities of Scheme Shareholders and Sumus Shareholders at the Scheme Meeting and the Extraordinary General Meeting, respectively;
- the approval of the Lighthouse Scheme Resolution by the requisite majority of Lighthouse Shareholders at the Lighthouse General Meeting;
- the sanction of the Scheme by the Court and the confirmation of the Capital Reduction by the Court at the Court Hearings;
- the approval by the Financial Services Authority of the acquisition and/or increase in control of each of the regulated members of the Sumus Group and Lighthouse Group;
- the Financial Services Authority giving its approval to the use of a waiver under Article 22 of the Capital Adequacy Directive in respect of the prudential supervision of the Enlarged Group; and
- the Admission of the New Lighthouse Shares to be issued in connection with the Merger and the Scheme,

and, as at 19 March 2008 (being the latest practicable date prior to the publication of this document) the condition for the approval by the FSA of the acquisition and/or increase in control of each of the regulated members of the Sumus Group and Lighthouse Group had been satisfied.

(h) ***Section 103 Valuation***

As at the close of business on 19 March 2008 (being the latest practicable date prior to the publication of this document), Lighthouse did not own or control any Sumus Shares. It is intended that, prior to the Scheme Court Hearing, Lighthouse will acquire at least one Sumus Share, which will mean that Lighthouse will be a member of Sumus on the Effective Date and, accordingly, there will be no requirement under section 103 of the Companies Act 1985 for an independent valuation of the New Sumus Shares allotted Lighthouse under the Scheme.

10. Sumus management and employees

The Lighthouse Board has given assurances to the Sumus Directors that, following the Merger becoming Effective, the existing contractual employment rights, including pension rights, of all employees of the Sumus Group will continue to be safeguarded.

The Lighthouse Board has also given assurances to the Sumus Directors that, following the Merger becoming Effective, it intends to give the management and employees of the Sumus Group equivalent opportunities to participate in relevant share option schemes operated by Lighthouse as the management and employees of the Lighthouse Group and that, following the Merger becoming Effective, it intends, subject to the terms and conditions of such share option schemes, to grant options thereunder to those managers and employees of the Sumus Group to whom the Sumus Board made formal commitments, whether legally binding or not, regarding the grant of options over Sumus Shares prior to the Announcement.

The Sumus Directors believe that the Enlarged Group's prospects for growth should lead to increased employment opportunities. Accordingly, the Sumus Directors consider the Merger to be in the best interests of the management and employees of the Sumus Group.

On the Scheme becoming Effective, it is proposed that Allan Rosengren, Sumus' Group Chief Executive, Peter Smith, Sumus' Group Finance Director, and Andrew Snowball, one of Sumus' non-executive Directors and an executive director of FSAS, will join the board of Lighthouse. It has also been agreed that John Stevenson and Philip Whitehead, two of the Lighthouse Directors, will resign from the Lighthouse Board (in the case of John Stevenson, his resignation will take effect on 3 May 2008 and, in the case of Philip Whitehead, his resignation will take effect on the later of the

Scheme becoming Effective and 3 May 2008). In view of the number of executive directors which will comprise the Lighthouse Board on the Scheme becoming Effective, Lighthouse proposes to seek the appointment of an additional non-executive director to the Lighthouse Board as soon as practicable following the Scheme becoming Effective.

It is intended that each of Allan Rosengren, Peter Smith and Andrew Snowball will enter into new terms of employment or engagement with Lighthouse following the Scheme becoming Effective. Further details of the Sumus Directors' current service agreements and letters of appointment are set out in paragraphs 11.1 and 11.2 of Appendix IV to this document.

On the Scheme becoming Effective, Julian Telling, Sumus' Group Operations Director, will resign from his position as a director of, and his employment with, the Company with compensation. In addition, Paul Bradshaw, Sumus' non-executive Chairman, will resign as a director of the Company and the agreement between his service company and the Company will terminate on the Scheme becoming Effective without compensation. Further details of Julian Telling's compromise agreement and Paul Bradshaw's resignation letter are set out in paragraph 11.3 of Appendix IV to this document.

Save as set out in this paragraph 10, Lighthouse has no current plans to change the strategy of Sumus, its fixed assets or its operational places of business.

11. Irrevocable Undertakings

The Sumus Directors and certain persons connected with them have irrevocably undertaken to Lighthouse to vote (or procure the vote of) all the Sumus Shares in which they are interested (in aggregate, 17,578,627 Sumus Shares, representing approximately 58.83 per cent. of the existing issued share capital of Sumus) in favour of the Scheme and the Merger at the Scheme Meeting and the Extraordinary General Meeting, respectively. All such irrevocable undertakings will remain binding even if a higher competing offer is made for Sumus.

Pursuant to his irrevocable undertaking given to Lighthouse, Allan Rosengren, Sumus' Group Chief Executive, has undertaken not to elect to receive the Partial Cash Alternative, save in respect of the SSAS Shares (in relation to which he has undertaken to elect for the Partial Cash Alternative).

Pursuant to his irrevocable undertaking given to Lighthouse, Julian Telling, Sumus' Group Operations Director, has undertaken to elect to receive the Partial Cash Alternative, including in respect of the SSAS Shares.

Certain other Sumus Shareholders have also irrevocably undertaken to Lighthouse to vote (or procure the vote of) all the Scheme Shares in which they are interested (in aggregate, 3,158,132 Sumus Shares, representing approximately 10.57 per cent. of the existing issued share capital of Sumus) in favour of the Scheme and the Merger at the Scheme Meeting and the Extraordinary General Meeting, respectively. These irrevocable undertakings will also remain binding even if a higher competing offer is made for Sumus.

Accordingly, Lighthouse has received irrevocable undertakings to vote (or procure the vote) in favour of the Scheme and the Merger at the Scheme Meeting and the Special Resolution at the Extraordinary General Meeting in respect of, in aggregate, 20,736,759 Sumus Shares, representing, in aggregate, approximately 69.40 per cent. of Sumus' existing issued share capital.

The total number of Sumus Shares in respect of which Lighthouse has received irrevocable undertakings to vote (or procure the vote) in favour of the Scheme and the Merger set out above varies from the total number set out in the Announcement as Lighthouse has received further such irrevocable undertakings following the Announcement.

Further details of these irrevocable undertakings are set out in paragraph 14.1 of Appendix IV to this document.

12. Information on Sumus, including current trading

Sumus, whose Ordinary Shares were admitted to trading on AIM in February 2005, is the holding company for IFA businesses providing investment and financial advisory services and network support services to IFA firms. Its two main trading businesses are Falcon, founded in 1983 by Allan Rosengren and Julian Telling, and FSAS, acquired in September 2006. Sumus also owns 85 per cent. of Financial Synergies, which provides access to negotiated services to other directly authorised independent financial advisory firms, and 50.1 per cent. of Deverill Black, a Bristol based IFA firm, which Sumus acquired in June 2007.

Sumus' audited final results for the 12 months ended 30 September 2007, which were announced on 22 January 2008, comprised revenue which increased by 96 per cent. to £29.8 million (2006: £15.2 million), profit before tax which increased by 76 per cent. to £1.5 million (2006: £0.9 million) and earnings per share which increased by 64 per cent. to 3.55p (2006: 2.17p), and the Company declared a total dividend of 1p per share, an increase of 47 per cent. from 2006. As at 30 September 2007, Sumus had audited net assets of £5.6 million and its number of advisers had increased by 6 per cent. from 30 September 2006 to 335.

At its Annual General Meeting held on 26 February 2008, Paul Bradshaw, Sumus' Chairman, stated that: "Progress so far in the current financial year is satisfactory, with trading remaining at acceptable levels despite the challenging conditions being experienced in equity and investment markets. However, the Board remains confident of the Group's progress and looks forward to another successful year in 2008."

Further financial information in relation to Sumus for the three years ended 30 September 2007 is set out in Appendix II to this document.

13. Information on Lighthouse, including current trading

Lighthouse was incorporated as a private limited company in July 2000 and was re-registered as a public limited company in October 2000. Lighthouse's shares were admitted to trading on AIM in October 2000. Its core activities comprise the provision of services to IFAs and pension scheme administrators servicing and advising clients throughout the UK. The Lighthouse Group has a number of operating divisions, many of which are the result of acquisitions, being LighthouseCarrwood, LighthouseTemple, LighthouseXpress, Lighthouse Group Benefits and City Pensions Limited.

On 11 March 2008, Lighthouse announced its audited preliminary results for the 12 months ended 31 December 2007, which stated that revenue had increased by 12 per cent. to £52.9 million (2006: £47.2 million), profit before tax had increased to £1.9 million (2006: £0.7 million), basic earnings per share increased to 2.6p (2006: 1.0p), and the Lighthouse Board recommended a maiden final dividend of 0.5 pence per Lighthouse Share. As at 31 December 2007, Lighthouse had audited net assets of £14.1 million.

Within Lighthouse's preliminary results, David Hickey, executive Chairman of Lighthouse, made the following statement:

"Growing profits, increasing the Group's cash balances and paying dividends, all remain areas of specific focus for your Board, as well as simultaneously improving our offering to our advisers and their clients. It is satisfied that the prospects for the future remain sound, notwithstanding current stock market volatilities. One of the attractions of the IFA sector is that advisers tend to flex the mix of their advice to suit the cycle.

In the meantime, and since the year end, the Group has continued to trade in line with the Board's expectations and accordingly the Board looks forward to reporting further significant progress for the full year."

In addition to the maiden final dividend recommended for the year ended 31 December 2007, the Lighthouse Board intends to declare a special interim dividend of 0.5 pence per Lighthouse Share which it is intended would be conditional, *inter alia*, on the Scheme becoming Effective. If the intended special interim dividend is declared and paid, it would be payable to Lighthouse Shareholders on the register on 25 March 2008 (which date would be the record date for such dividend) and it is expected that payment would be made to such Lighthouse Shareholders within 7 days of the Scheme becoming Effective.

Further financial information in relation to Lighthouse for the three years ended 31 December 2007 is set out in Appendix III to this document.

14. Financing of the Merger

Full acceptance of the Partial Cash Alternative (other than by Allan Rosengren who has irrevocably undertaken not to elect to receive the Partial Cash Alternative, other in respect of the SSAS Shares, in relation to which he has irrevocably undertaken to accept the Partial Cash Alternative) would result in a maximum cash consideration of approximately £4.4 million being payable by Lighthouse to Sumus Shareholders to be financed from Lighthouse's existing resources, including the trade facility described in paragraphs 13.2(b), (c) and (d) of Appendix IV to this document.

Daniel Stewart is satisfied that sufficient resources are available to Lighthouse to satisfy in full the cash consideration payable pursuant to the Merger and the Scheme.

15. Implementation Agreement and Inducement Fee Agreement

(a) Implementation Agreement

Sumus and Lighthouse have agreed the terms on which they will co-operate with regard to the implementation of the Merger and the Scheme and pursuant to which Sumus has undertaken to Lighthouse to implement the Scheme as a scheme of arrangement under section 425 of the Companies Act 1985 involving a reduction of capital under section 135 of the Companies Act 1985.

Sumus has undertaken to Lighthouse to convene the Scheme Meeting and the Extraordinary General Meeting and Lighthouse has undertaken to Sumus to convene the Lighthouse General Meeting. Each of the parties has further undertaken to the other to use all reasonable endeavours to achieve the satisfaction of the Conditions which remain to be satisfied as soon as reasonably practicable following publication of this document.

Further details of the Implementation Agreement are set out in paragraph 13.1(a) of Appendix IV to this document.

(b) Inducement Fee Agreement

Sumus has agreed to pay Lighthouse a fee of £125,000 (inclusive of irrecoverable VAT) (being an amount equal to approximately one per cent. of the value of Sumus calculated by reference to the terms of the Merger as at 10 March 2008, being the last Business Day prior to the Announcement) in certain circumstances, including if Sumus Shareholders do not approve the Scheme at the Scheme Meeting or do not pass the Special Resolution to be proposed at the Extraordinary General Meeting.

Lighthouse has agreed to pay Sumus a fee of £190,000 (inclusive of irrecoverable VAT) (being an amount equal to approximately one per cent. of the value of Lighthouse calculated by reference to the Closing Price of a Lighthouse Share on 10 March 2008, being the last Business Day prior to the Announcement) in certain circumstances, including if the Lighthouse Shareholders do not pass the Lighthouse Scheme Resolution to be proposed at the Lighthouse General Meeting.

Further details of the Inducement Fee Agreement are set out in paragraph 13.1(b) of Appendix IV to this document.

16. Lighthouse General Meeting

The Merger and the implementation of the Scheme are conditional on, *inter alia*, Lighthouse Shareholders passing the Lighthouse Scheme Resolution which is proposed to be passed at the Lighthouse General Meeting.

The Lighthouse Directors have irrevocably undertaken to Lighthouse to vote (or procure or use reasonable endeavours to procure the vote) in favour of the Lighthouse Resolutions in respect of all their beneficial holdings of, in aggregate, 2,147,684 Lighthouse Shares which represent, in aggregate, approximately 2.56 per cent. of the existing issued share capital of Lighthouse.

In addition, undertakings to vote (or procure the vote) in favour of the Lighthouse Resolutions have been received by Lighthouse from certain other Lighthouse Shareholders in respect of a further 40,370,650 Lighthouse Shares representing approximately a further 48.22 per cent. of the existing issued share capital of Lighthouse.

Accordingly, Lighthouse has received irrevocable undertakings to vote (or procure or use reasonable endeavours to procure the vote) in favour of the Lighthouse Resolutions to be proposed at the Lighthouse General Meeting in respect of, in aggregate, 42,518,334 Lighthouse Shares, representing, in aggregate, approximately 50.79 per cent. of Lighthouse's existing issued share capital.

The total number of Lighthouse Shares in respect of which Lighthouse has received irrevocable undertakings to vote (or procure or use reasonable endeavours to procure the vote) in favour of the Lighthouse Resolutions set out above varies from the total number set out in the Announcement as Lighthouse has received further such irrevocable undertakings following the Announcement.

Further details of these irrevocable undertakings is set out in paragraph 14.2 of Appendix IV to this document.

17. Suspension of trading in, and cancellation of admission to trading of, Sumus Shares on AIM and re-registration of Sumus

Prior to the Scheme becoming Effective, application will be made by Sumus for the suspension of trading in Sumus Shares and for the Sumus Shares to cease to be admitted to trading on AIM. It is expected that dealings in Sumus Shares will be suspended on 29 April 2008 and that Sumus Shares will cease to be admitted to trading on AIM on 6 May 2008.

The last day of dealings in, and for registration of transfers of, Sumus Shares is expected to be 29 April 2008, following which dealings in Sumus Shares will be suspended on AIM. No transfers of Sumus Shares will be registered after that date.

On the Effective Date, share certificates in respect of Sumus Shares will cease to be valid and should, if so requested by Sumus, be sent to Sumus for cancellation. In addition, entitlements to Sumus Shares held within the CREST system will be cancelled on the Effective Date.

As part of the Merger, it is intended that Sumus be re-registered as a private limited company in accordance with section 139 of the Companies Act 1985.

18. Admission to trading of, and dealings in, New Lighthouse Shares on AIM

Prior to the Scheme becoming Effective, application will be made by Lighthouse for the New Lighthouse Shares to be admitted to trading on AIM. It is expected that such Admission will become effective, and that dealings in New Lighthouse Shares will commence, on 6 May 2008.

19. Overseas Shareholders

As regards Overseas Shareholders, the Merger may be affected by the laws of their relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Merger, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

In any case where the delivery of the New Lighthouse Shares and/or the grant of the right to make a Cash Election under the Partial Cash Alternative to an Overseas Shareholder would or may infringe the laws of any jurisdiction outside the United Kingdom or would or may require Sumus or Lighthouse to obtain or observe any governmental or other consent or any registration, filing or other formality

(including ongoing requirements) with which Sumus or Lighthouse is unable to comply, or which Sumus or Lighthouse regards as unduly onerous, Lighthouse may, acting reasonably, determine that no New Lighthouse Shares shall be issued to and/or no Cash Election under the Partial Cash Alternative shall be valid or accepted in respect of such Overseas Shareholder.

(a) *US securities laws*

The New Lighthouse Shares have not been and will not be registered with the SEC under the US Securities Act and are being offered and sold to persons in the United States in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purpose of qualifying for the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof with respect to the New Lighthouse Shares issued pursuant to the Scheme (as described above), Lighthouse and Sumus will advise the Court that its sanctioning of the Scheme will be relied upon by Lighthouse as an approval of the Scheme following a court hearing on its fairness to Scheme Shareholders, at which hearing all Scheme Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Scheme Shareholders.

Neither the US Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed an opinion on the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. The information disclosed in this document is not the same as that which would have been disclosed if this document had been prepared for the purpose of complying with the registration requirements of the US Securities Act or in accordance with the laws and regulations of any other jurisdiction.

The New Lighthouse Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. Lighthouse does not intend to take any action to facilitate a market in New Lighthouse Shares in the United States. Consequently, Lighthouse believes that it is unlikely that an active trading market in the United States will develop for the New Lighthouse Shares.

The New Lighthouse Shares will not be registered under the securities laws of any state of the United States, and will be issued pursuant to the Scheme in reliance on available exemptions from such state law registration requirements.

Sumus Shareholders who are citizens or residents of the United States should consult their own legal and tax advisers with respect to the legal and tax consequences of the Merger and the Scheme in their particular circumstances.

(b) *Other overseas securities laws*

No steps have been taken, nor will any be taken, to enable the New Lighthouse Shares to be offered in compliance with the applicable securities laws of Canada or Japan and no prospectus in relation to the New Lighthouse Shares has been, or will be, lodged with or registered by the Australian Securities and Investments Commission. Accordingly, no New Lighthouse Shares may be offered, sold, transferred, resold, delivered or distributed, directly or indirectly, in or into or from Canada, Japan or Australia (except in transactions exempt from or subject to the registration requirements of the relevant securities laws of Canada, Japan or Australia).

This document has been prepared for the purposes of complying with English law, the City Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

20. United Kingdom Taxation

Your attention is drawn to Appendix VI to this document. Scheme Shareholders are advised to consult an independent professional adviser in respect of their tax positions prior to taking any action in relation to the Merger or the Scheme.

21. Settlement

Subject to the Scheme becoming Effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Merger will be effected as follows:

(a) *Scheme Shares held in certificated form*

Where Scheme Shareholders hold Scheme Shares in certificated form, certificates in respect of New Lighthouse Shares and cheques for any cash entitlements due under the Scheme will be despatched as soon as possible after the Effective Date, and in any event no later than 14 days thereafter, by first class post (or by such other method as may be approved by the Panel) to such Scheme Shareholders at the addresses appearing in Sumus' register of members as at the Reorganisation Record Time. Any such cash payments will be made in pounds Sterling by cheque drawn on a branch of a UK clearing bank. All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

(b) *Scheme Shares held in uncertificated form through CREST*

Where Scheme Shareholders hold Scheme Shares in CREST, their stock accounts in CREST will be credited with the New Lighthouse Shares issued to them and any cash entitlements due to them will be paid by means of Lighthouse procuring the creation of a CREST payment obligation in favour of their payment bank, in accordance with CREST payment arrangements, in each case as soon as possible after the Effective Date, and in any event no later than 14 days thereafter.

As from the Reorganisation Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled.

Lighthouse reserves the right to settle any consideration due to any Scheme Shareholders holding Scheme Shares in CREST in the manner referred to in paragraph 21(a) above if, for any reason, it wishes to do so.

22. Action to be taken

The Merger is subject to a number of conditions, some of which are summarised in paragraph 9(g) of this Part II and the rest of which are set out in full in Appendix I to this document.

The Scheme will require approval by the Scheme Shareholders at the Scheme Meeting to be held at 11.00 a.m. on 14 April 2008 at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH. In order to become Effective, the Scheme must be approved by a majority in number of the Scheme Shareholders representing 75 per cent. or more in nominal value of the Scheme Shares, present and voting either in person or by proxy, at the Scheme Meeting.

The Scheme will require the passing of the Special Resolution by Sumus Shareholders at the Extraordinary General Meeting to be held at 11.15 a.m. on 14 April 2008 at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH (or as soon thereafter as the Scheme Meeting is concluded or adjourned). In order to be passed, the Special Resolution must be approved by not less than a 75 per cent. majority of the votes cast at the EGM.

The Scheme will also require the subsequent sanction of the Court. **Once Effective, the Scheme will be binding on all Scheme Shareholders, including those Scheme Shareholders who did not vote, or who voted against approving the Scheme, at the Meetings, or who could not be traced.**

You will find enclosed with this document:

- a BLUE Form of Proxy for use in respect of the Scheme Meeting;
- a PINK Form of Proxy for use in respect of the Extraordinary General Meeting;

- a GREEN Form of Election for use in respect of the Partial Cash Alternative;
- a reply-paid envelope for use in the United Kingdom in connection with the return of the Form of Election; and
- a reply-paid envelope for use in the United Kingdom in connection with the return of the two Forms of Proxy.

Note: The BLUE and PINK Forms of Proxy should be used in accordance with the instructions printed thereon.

Whether or not you plan to attend both or either of the Meetings, please complete the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon, whether or not your Sumus Shares are in uncertificated form (i.e. in CREST), as soon as possible, but in any event, so as to be received by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or, during normal business hours only, by hand, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, by 11.00 a.m. on 12 April 2008 in the case of the Scheme Meeting (BLUE form) and by no later than 11.15 a.m. on 12 April 2008 in the case of the Extraordinary General Meeting (PINK form) (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). This will enable your votes to be counted at the Meetings in the event of your absence. If the BLUE Form of Proxy for use at the Scheme Meeting is not lodged by 11.00 a.m. on 12 April 2008, it may be handed to the Chairman of the Scheme Meeting or the Registrars, Computershare Investor Services PLC, on behalf of the Chairman of the Scheme Meeting, in each case at the Scheme Meeting before the taking of the poll. However, unless the PINK Form of Proxy for use at the Extraordinary General Meeting is lodged so as to be received by 11.15 a.m. on 12 April 2008, it will be invalid. A reply paid envelope for use in the United Kingdom is enclosed for your convenience in returning the Forms of Proxy. The completion and return of a Form of Proxy will not prevent you from attending and voting at either the Scheme Meeting or the Extraordinary General Meeting, or any adjournment(s) thereof, in person should you wish to do so.

It is important that, for the Scheme Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of the Scheme Shareholders. You are therefore strongly urged to sign and return your BLUE Form of Proxy as soon as possible.

If you wish to make a Cash Election under the Partial Cash Alternative, you must return a GREEN Form of Election. In addition, if your Scheme Shares are held in certificated form, you should send your original share certificate(s) in respect of your Scheme Shares with your Form of Election. In addition, if your Scheme Shares are held in uncertificated form (i.e. in CREST) you must take the action set out in paragraph 3.2 in the section of this document entitled “Action to be Taken”. Notes on completing the GREEN Form of Election are set out at in Appendix V to this document.

If you have any questions relating to this document or the completion and return of the Forms of Proxy or the Form of Election, please call Computershare Investor Services PLC on 0870 707 1325 (or, if you are calling from outside the United Kingdom, +44 870 707 1325) between 8.30 a.m. and 5.00 p.m. on any Business Day. The helpline cannot provide advice on the merits of the Merger or the Scheme nor give any legal, taxation or financial advice.

Overseas Shareholders should refer to paragraph 19 of this Part II. Details relating to settlement are included in paragraph 21 of this Part II.

23. Further information

The terms of the Scheme are set out in full in Part III of this document.

Further financial information regarding Sumus is set out in Appendix II to this document and further financial information regarding Lighthouse is set out in Appendix III to this document.

Your attention is also drawn to the further information contained in Part I and in the Appendices to this document, which form part of this document.

Particulars of documents available for inspection are set out in paragraph 16 of Appendix IV to this document.

Yours faithfully,

T.O.R. Griffiths
for and on behalf of
Arbuthnot Securities Limited

PART III

SCHEME OF ARRANGEMENT

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

No. 2153 of 2008

**IN THE MATTER OF SUMUS PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985
SCHEME OF ARRANGEMENT
(under Section 425 of the Companies Act 1985)
between
SUMUS PLC
and
THE SCHEME SHAREHOLDERS
(as hereinafter defined)**

PRELIMINARY

(A) In this Scheme of Arrangement, unless the context otherwise requires, the following expressions shall bear the following meanings:

A Shares: A ordinary shares of 0.5 pence each in the capital of the Company having the rights set out in the special resolution creating such shares;

Business Day: a day (excluding Saturday or Sunday or a public holiday) on which banks are open for business in the City of London for the transaction of normal banking business;

B Shares: B ordinary shares of 0.5 pence each in the capital of the Company having the rights set out in the special resolution creating such shares;

Capital Reduction: the proposed reduction of capital of Sumus pursuant to Clause 3(a) of the Scheme;

Cash Election: an election by a Scheme Shareholder under the Partial Cash Alternative;

Clause: a clause of this Scheme;

Companies Act 1985: the Companies Act 1985, as amended or re-enacted and for the time being in force;

Court: the High Court of Justice in England and Wales;

CREST: the system for the paperless settlement of trades in securities and the holding of securities in uncertificated form operated by CRESTCo in accordance with the Regulations;

CRESTCo: Euroclear UK & Ireland Limited;

Election Return Time: 1.00 p.m. (London time) on 29 April 2008, or such later time and/or date as may be announced by the Company to a Regulatory Information Service, such announcement being made prior to a time and/or date that would, absent such an announcement, be the Election Return Time;

Excluded Shares: any Ordinary Shares registered in the name of Lighthouse or any subsidiary undertaking (as defined in the Companies Act 1985) of Lighthouse at the Reorganisation Record Time;

Form of Election: the GREEN form of election relating to the Partial Cash Alternative;

Holder: a registered holder of shares, and includes any person(s) entitled by transmission;

in certificated form: in relation to a share or other security, a share or other security which is not in uncertificated form;

Lighthouse: Lighthouse Group plc, a company incorporated in England and Wales with registered number 4042743;

Lighthouse Shares: ordinary shares of 1 pence each in the capital of Lighthouse;

New Sumus Shares: new ordinary shares of 0.5 pence each in the capital of the Company to be created in accordance with Clause 3(c) and having the rights set out in the special resolution creating such shares;

New Lighthouse Shares: the Lighthouse Shares to be issued pursuant to this Scheme which will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Lighthouse Shares;

Ordinary Shares: ordinary shares of 0.5 pence each in the capital of the Company;

Panel: the Panel on Takeovers and Mergers;

Partial Cash Alternative: the facility provided for in Clause 2 under which a Scheme Shareholder may elect to receive cash in respect of 50 per cent. of his Scheme Shares;

pounds, pence, penny or £ or p: the lawful currency of the United Kingdom;

Regulations: the Uncertificated Securities Regulations 2001 (SI 2001/3755);

Regulatory Information Service: any of the services set out in Appendix 3 to the Listing Rules of the Financial Services Authority in its capacity as competent authority under Part IV of the Financial Services and Markets Act 2000;

Reduction Court Hearing: the hearing by the Court of the application to confirm the Capital Reduction;

Reduction Effective Date: the date on which the Capital Reduction becomes effective;

Reorganisation Record Time: 6.00 p.m. (London time) on 30 April 2008, being the expected day of the Scheme Court Hearing at which the Scheme is sanctioned or, if the Scheme Court Hearing is delayed or adjourned, 6.00 p.m. on the date of the Scheme Court Hearing at which the Scheme is sanctioned;

Re-registration: the proposed re-registration of the Company as a private company pursuant to Clause 3(b) of the Scheme;

Scheme: this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Sumus and Lighthouse;

Scheme Court Hearing: the hearing by the Court of the application to sanction the Scheme;

Scheme Meeting: the meeting of Scheme Shareholders convened pursuant to an order of the Court pursuant to section 425 of the Companies Act 1985 to consider and, if thought fit, approve the Scheme (with or without amendment), and any adjournment thereof;

Scheme Shareholder: a Holder of Scheme Shares;

Scheme Shares: Ordinary Shares:

- (a) in issue at the date of this Scheme;
- (b) issued after the date of this Scheme but before the Voting Record Time; and
- (c) issued on or after the Voting Record Time and before the Reorganisation Record Time on terms that the original or any subsequent holders shall be, or shall have agreed in writing by such time to be, bound by this Scheme,

in each case, excluding any Excluded Shares;

Special Interim Dividend: a special interim dividend of 0.5 pence per Lighthouse Share the intention to declare which was announced by Lighthouse on 11 March 2008;

Sumus or Company: Sumus Plc, a company incorporated in England and Wales with registered number 4127940;

Sumus Shares: (i) prior to the Reorganisation Record Time, Ordinary Shares and (ii) after the Reorganisation Record Time, Ordinary Shares, A Shares and B Shares;

UK or United Kingdom: the United Kingdom of Great Britain and Northern Ireland;

uncertificated or in uncertificated form: in relation to a share or other security, a share or other security, title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST; and

Voting Record Time: 6.00 p.m. (London time) on 12 April 2008 or, if the Scheme Meeting is adjourned, 6.00 p.m. on the second day before the date appointed for any adjourned Scheme Meeting.

- (B) The authorised share capital of Sumus at the date of this Scheme is £1,000,000 divided into 200,000,000 Sumus Shares of which, as at the close of business on 19 March 2008, 29,879,367 Sumus Shares are in issue and are fully paid up or credited as fully paid and the remainder are unissued. There are currently no Sumus Shares held by Sumus in treasury.
- (C) Lighthouse has agreed to appear by Counsel at the Scheme Court Hearing to consent to this Scheme and to undertake to the Court to be bound thereby and to execute and do or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

THE SCHEME

PART I

1. Reclassification of Ordinary Shares

- (a) At the Reorganisation Record Time, each of the Scheme Shares shall be reclassified as an A Share or a B Share, as the case may be, on the following basis:
- (i) each Scheme Share in respect of which no valid Cash Election has been made, or is deemed to have been made, under the Partial Cash Alternative, shall be reclassified as an A Share; and
 - (ii) each Scheme Share in respect of which a valid Cash Election has been made, or is deemed to have been made, under the Partial Cash Alternative, shall be reclassified as a B Share.
- (b) The A Shares and the B Shares created by the reclassification referred to in Clause 1(a) above shall have the rights and be subject to the restrictions set out in the new article 2 set out in Clause 1(c) below which shall, at the Reorganisation Record Time, replace the current article 2 in the articles of association of the Company and, with effect from such reclassification, such articles shall be amended accordingly.
- (c) With effect from the Reorganisation Record Time, the articles of association of the Company shall be amended by the deletion of the current article 2 and its replacement with the following article 2:

“2. Authorised Share Capital

- 2.1 The authorised share capital of the Company is £1,000,000 divided into ordinary shares of 0.5 pence each (the “**Ordinary Shares**”), A ordinary shares of 0.5 pence each (the “**A Shares**”) and B ordinary shares of 0.5 pence each (the “**B Shares**”).
- 2.2 The A Shares and the B Shares shall rank equally with and have the same rights as those attaching to the Ordinary Shares as if they constituted the same class of share, save that upon the scheme of arrangement dated 20 March 2008 between the Company and the Scheme Shareholders (as defined therein) (in its form as at that date or with or subject to any modification thereof or addition thereto or condition agreed by the Company and Lighthouse Group plc and which the Court may think fit to approve or impose) (the “**Scheme**”) becoming effective, each A Share shall confer upon the holder thereof the right to receive 1.88 new ordinary shares of 1 pence in the capital of Lighthouse Group plc and each B Share shall confer upon the holder thereof the right to receive 43.5 pence in cash, in each case in accordance with and subject to the terms of the Scheme.”

2. Partial Cash Alternative

- (a) A Cash Election made by a Scheme Shareholder under the Partial Cash Alternative will only be accepted in respect of such whole number of Scheme Shares as represents 50 per cent. of that Scheme Shareholder’s total holding of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time.
- (b) Satisfaction of valid Cash Elections under the Partial Cash Alternative will be effected on the basis of 43.5 pence in cash for each Scheme Share in respect of which a valid Cash Election is made, provided that no Scheme Shareholder shall be entitled to receive a fraction of a penny and, accordingly, each Scheme Shareholder’s aggregate entitlement to receive cash pursuant to a valid Cash Election made by him/it shall be rounded down to the nearest whole number of pence.
- (c) A Scheme Shareholder shall make a valid Cash Election if it is made in respect of such whole number of Scheme Shares as equates to 50 per cent. of that Scheme Shareholder’s total holding of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time, if it is otherwise made in accordance with paragraph (d) below and the instructions printed on the Form of Election, and if it is not validly withdrawn in accordance with paragraph (f) below.
- (d) Each Cash Election under the Partial Cash Alternative shall be made by completion of a Form of Election sent to Scheme Shareholders by or on behalf of the Company which shall be executed as

a deed by the Scheme Shareholder or his duly authorised attorney (or, in the case of a body corporate, executed under seal or otherwise as a deed) and in the case of joint holders in like manner by or on behalf of all such holders. The instructions, terms, authorities and provisions contained in or deemed to be incorporated in the Form of Election constitute part of the terms of this Scheme. To be effective the Form of Election must be completed and returned in accordance with the instructions printed thereon so as to arrive by not later than the Election Return Time, whether delivered by post, to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand during normal business hours only, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

- (e) If a Form of Election is received after the Election Return Time or is received on or before such time but is not, or is deemed not to be, valid or complete in all respects at such time, then such Cash Election shall be void, unless Sumus and Lighthouse, in their absolute discretion, elect to treat as valid any such Cash Election.
- (f) Each Cash Election validly made under the Partial Cash Alternative may be withdrawn by written notice, duly signed by the Scheme Shareholder or his duly authorised attorney (or, in the case of a body corporate, by its duly authorised signatory) and in the case of joint holders in like manner by or on behalf of all such holders who made such Cash Election, clearly evidencing the intention of (all) such Scheme Shareholder(s) to withdraw the Cash Election, and by delivering such written notice by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or by hand during normal business hours only to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by not later than the Election Return Time, whether delivered by post or by hand.
- (g) If notice of withdrawal of a Cash Election is received after the Election Return Time or is received on or before such time but is not, or is deemed not to be, valid in all respects at such time, then such withdrawal of the Cash Election shall be void, unless Sumus and Lighthouse, in their absolute discretion, elect to treat as valid any such withdrawal of the Cash Election.
- (h) Cash Elections made by Scheme Shareholders under the Partial Cash Alternative will not affect the entitlements of Scheme Shareholders who do not make such Cash Elections.

PART II

3. Cancellation of A Shares and B Shares

- (a) Following the reclassification of the Ordinary Shares referred to in Clause 1 above taking effect and the requisite entries having been made in the register of members of the Company, the issued share capital of the Company shall be reduced by cancelling and extinguishing the A Shares and the B Shares.
- (b) Following the Capital Reduction taking effect, the Company shall be registered as a private company pursuant to section 139(3) of the Companies Act 1985.
- (c) Forthwith and contingently upon both of the Capital Reduction and the Re-registration taking effect:
 - (i) the authorised share capital of the Company shall be increased to its former amount by the creation of such number of New Sumus Shares as shall have an aggregate value equal to the aggregate of the nominal value of the A Shares and the B Shares cancelled pursuant to Clause 3(a); and
 - (ii) the reserve arising in the books of account of the Company as a result of the Capital Reduction shall be applied by the Company in paying up in full at par the New Sumus Shares created pursuant to Clause 3(c)(i) which shall be allotted and issued credited as fully paid to Lighthouse, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever.

- (d) With effect from the Reduction Effective Date, the articles of association of the Company shall be amended by the deletion of new article 2 referred to in Clause 1(c) above and its replacement with the following article 2:

“2 Authorised Share Capital

2.1 The authorised share capital of the Company is 1,000,000 divided into 200,000,000 Ordinary Shares of 0.5 pence each.”

4. Consideration for the cancellation of the A Shares and the B Shares

- (a) In consideration of the cancellation of A Shares pursuant to Clause 3(a) and the issue of New Sumus Shares to Lighthouse in respect of such A Shares pursuant to Clause 3(c)(ii), Lighthouse will, subject as hereinafter provided, forthwith and contingent upon the Capital Reduction, the Re-registration and the issue of New Sumus Shares taking effect, but subject to Clauses 6(a) and 7, allot and issue to each Holder of A Shares or his nominee 1.88 New Lighthouse Shares for each A Share held by such Holder immediately following the reclassification of Ordinary Shares under Part I of the Scheme.
- (b) In consideration of the cancellation of B Shares pursuant to Clause 3(a) and the issue of New Sumus Shares to Lighthouse in respect of such B Shares pursuant to Clause 3(c)(ii), Lighthouse will, subject as hereinafter provided, forthwith and contingent upon the Capital Reduction, the Re-registration and the issue of New Sumus Shares referred to in Clause 3(c) taking effect, but subject to Clauses 6(b) and 7, pay to or for the account of each Holder of B Shares 43.5 pence in cash for each B Share held by that Holder immediately following the reclassification of Ordinary Shares under Part I of the Scheme.
- (c) The New Lighthouse Shares issued pursuant to Clause 4(a) shall be issued credited as fully paid and free from all liens, charges, encumbrances and, subject to the articles of association of Lighthouse, rights of pre-emption and any other third party rights of any nature whatsoever and shall rank *pari passu* with all other Lighthouse Shares in issue on the Reduction Effective Date and shall have the right to receive all dividends, distributions and other entitlements made or paid or declared thereon by reference to a record date on or after the Reduction Effective Date provided that the New Lighthouse Shares shall not in any event carry the right to receive the Special Interim Dividend.

5. Settlement

- (a) Settlement shall be effected as follows:
- (i) where, immediately prior to the Reorganisation Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of the New Lighthouse Shares to which the Scheme Shareholder is entitled shall be made by Lighthouse crediting the stock account in CREST of such Scheme Shareholder in respect of the New Lighthouse Shares to which such Scheme Shareholder is entitled and settlement of any cash consideration to which the Scheme Shareholder is entitled shall be made by Lighthouse procuring a CREST payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due, in each case as soon as reasonably practicable after the Reduction Effective Date and in any event within 14 days of the Reduction Effective Date;
- (ii) where, immediately prior to the Reorganisation Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of the New Lighthouse Shares to which the Scheme Shareholder is entitled shall be made by Lighthouse issuing a certificate in respect of the New Lighthouse Shares to which such Scheme Shareholder is entitled in the name or names appearing in the register of members of the Company in respect of such Scheme Shareholder's Scheme Shares and settlement of any cash consideration to which the Scheme Shareholder is entitled shall be made by Lighthouse drawing a cheque on a branch of a clearing bank in the United Kingdom made payable to the Scheme Shareholder concerned. Certificates in respect of the New Lighthouse Shares and cheques shall be despatched by first class post (or by such other method as may be approved by the Panel) addressed to the person entitled thereto to the address appearing in the register of members of the Company

at the Reorganisation Record Time or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time, as soon as reasonably practicable after the Reduction Effective Date and in any event within 14 days of the Reduction Effective Date.

- (b) Lighthouse reserves the right to settle the consideration referred to in Clause 5(a)(i) to all or any Scheme Shareholders who hold Scheme Shares in uncertificated form immediately prior to the Reorganisation Record Time in the manner referred to in Clause 5(a)(ii) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with Clause 5(a)(i).
- (c) None of Sumus, Lighthouse or the nominee(s) referred to in Clause 7 shall be responsible for any loss or delay in the transmission of the certificates or cheques sent to Scheme Shareholders in accordance with this Clause 5, which shall be sent at the risk of the Scheme Shareholders concerned.

6. Fractional entitlements

- (a) No fraction of a New Lighthouse Share shall be allotted to any Scheme Shareholder and, accordingly, the aggregate number of New Lighthouse Shares to which a Scheme Shareholder is entitled to be allotted under Clause 4(a) shall, in each case, be rounded down to the nearest whole number of New Lighthouse Shares.
- (b) No fraction of a penny shall be paid to any Scheme Shareholder and, accordingly, the aggregate amount of cash to which a Scheme Shareholder is entitled to be paid under Clause 4(b) shall, in each case, be rounded down to the nearest whole number of pence.

7. Overseas Shareholders

The provisions of Clauses 2, 4 and 5 shall be subject to any prohibition or condition imposed by law. If, in the case of any Scheme Shareholder, Lighthouse is advised that the law of a country, state, or territory outside the United Kingdom precludes:

- (i) the allotment or issue to him of New Lighthouse Shares under Clause 4(a); or
- (ii) the provision to him of the right to make a Cash Election under the Partial Cash Alternative pursuant to Clause 2,

or, in either case, precludes the same except after compliance by Sumus or Lighthouse (as the case may be) with any governmental or other consent or any registration, filing or other formality or condition with which Sumus or Lighthouse (as the case may be) is unable to comply or which Sumus or Lighthouse (as the case may be) regards as unduly onerous, then:

- (a) in the case of sub-clause (i), Lighthouse may in its sole discretion determine that no New Lighthouse Shares shall be allotted and issued to such Scheme Shareholder but instead the New Lighthouse Shares shall be allotted and issued to a nominee appointed by Lighthouse as nominee for such Scheme Shareholder, on terms that the nominee shall be authorised on behalf of such Scheme Shareholder to procure that such New Lighthouse Shares shall, as soon as practicable following the Reduction Effective Date, be sold on behalf of such Scheme Shareholder. Any such sale shall be carried out at the best price which can reasonably be obtained and the net proceeds of such sale shall (after deduction of all expenses and commissions incurred in connection with such sale, including any amount in respect of value added tax thereon) be paid to such Scheme Shareholder by making a payment to him/it in accordance with Clause 5(a)(i) or 5(a)(ii), as appropriate. To give effect to any such sale, the nominee referred to in this Clause 7(a) shall be authorised as attorney on behalf of the Scheme Shareholder concerned to execute and deliver as transferor an instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary to effect such sale. In the absence of bad faith or wilful default, none of Sumus, Lighthouse, the nominee, the person so appointed or any broker or agent of any of them shall have any liability for any loss arising as a result of the timing or terms of any such sale; and

- (b) in the case of sub-clause (ii), no Cash Election made by such Scheme Shareholder under the Partial Cash Alternative shall be of any effect and the omission to send a Form of Election to it/him shall not constitute a breach by Sumus or Lighthouse (as the case may be) of any of their respective obligations under this Scheme.

8. Certificates representing Scheme Shares

- (a) With effect from the Reduction Effective Date:
 - (i) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up such certificate(s) for cancellation to the Company or as it may direct; and
 - (ii) CRESTCo shall be instructed to cancel the entitlements of Scheme Shareholders to Scheme Shares in uncertificated form.
- (b) No certificates representing the A Shares or the B Shares shall be issued by the Company in respect of the issue of any such shares pursuant to Clause 1.

9. Effective Date

- (a) Part I of this Scheme shall become effective, with effect from the Reorganisation Record Time, as soon as an office copy of the order of the Court under section 425 of the Companies Act 1985 sanctioning the Scheme shall have been delivered to the Registrar of Companies for registration.
- (b) Part II of this Scheme shall become effective as soon as an office copy of the order of the Court under section 137 of the Companies Act 1985 confirming the Capital Reduction shall have been delivered to the Registrar of Companies for registration and is registered by him.
- (c) If Part II of this Scheme does not become effective by 6.00 p.m. on the fifth Business Day following the Reorganisation Record Time, or such later time and date as may be agreed by Sumus and Lighthouse and which the Court may think fit to approve or impose (the “**Reversal Time**”):
 - (i) the reclassifications effected by Clause 1(a) above shall be reversed and the A Shares and the B Shares shall revert to and be reclassified as Ordinary Shares; and
 - (ii) with effect from the Reversal Time, article 2 of the articles of association of the Company shall be replaced by the following new article 2:

“2. Authorised Share Capital

2.1 The authorised share capital of the Company is £1,000,000 divided into 200,000,000 Ordinary Shares of 0.5 pence each.”

10. Mandates

All mandates relating to the payment of dividends on Sumus Shares and other instructions given to the Company by Scheme Shareholders in force at the Reorganisation Record Time relating to holdings of Sumus Shares will, unless amended or revoked, be deemed as from the Effective Date to be an effective mandate or instruction to Lighthouse in respect of the corresponding New Lighthouse Shares.

11. Modification

The Company and Lighthouse may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

Dated: 20 March 2008

APPENDIX I

CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE MERGER

The Merger is conditional upon the Scheme becoming unconditional and effective by the Long Stop Date or such later date as is agreed by Sumus and Lighthouse and/or is imposed by the Court.

PART A – Conditions to the Merger

1. The Merger and the Scheme are subject to the following conditions:
 - (a) its approval by a majority in number representing not less than three-fourths in value of the holders of Sumus Shares who are on the register of members of the Company at the Voting Record Time, present and voting, whether in person or by proxy, at the Scheme Meeting (or any adjournment(s) thereof);
 - (b) the Special Resolution required to implement the Scheme being passed at the Extraordinary General Meeting (or any adjournment(s) thereof);
 - (c) the sanction (with or without modification, but subject to such modification being acceptable to Sumus and Lighthouse) of the Scheme and the confirmation of the Capital Reduction by the Court, office copies of the Court Orders and of the Minute being delivered to the Registrar of Companies and registration of the Reduction Court Order by the Registrar of Companies;
 - (d) the Lighthouse Scheme Resolution being passed at the Lighthouse General Meeting (or any adjournment(s) thereof);
 - (e) the FSA giving notice in writing under section 184(1) of FSMA, in terms reasonably satisfactory to Lighthouse and Sumus, of its approval to the acquisition and/or increase in control (as defined in sections 179 and 180 of FSMA) over those members of the Sumus Group and the Lighthouse Group in respect of which notices of the acquisition and/or increase of control were made by or on behalf of Sumus and Lighthouse to the FSA under section 182(1) of FSMA on or around 19 February 2008, as such applications may have been amended from time to time thereafter, or the FSA being treated as having given its approval to such matters by virtue of section 184(2) of FSMA; and
 - (f) the FSA giving its approval to the regulated members of the Sumus Group's and the Lighthouse Group's use of a waiver under Article 22 of the Capital Adequacy Directive in respect of the prudential supervision of the Enlarged Group in respect of which application for approval was made by or on behalf of Sumus to the FSA on or around 7 February 2008,

although as at 19 March 2008, being the latest practicable date prior to the publication of this document, the FSA had given notice in writing under section 184(1) of FSMA, in terms satisfactory to Lighthouse and Sumus, of its approval to the acquisition and/or increase in control over those members of the Sumus Group and the Lighthouse Group in respect of which notices of the acquisition and/or increase of control were made and, accordingly, the condition set in paragraph 1(e) above has been satisfied.

2. Sumus and Lighthouse have agreed that, subject to the provisions of paragraph 4 below, the Scheme and the Merger are also conditional upon, and, accordingly, the necessary actions to give effect to the Scheme and the Merger will only be taken on, the satisfaction or waiver of the following Conditions:
 - (a) the Admission of the New Lighthouse Shares to be issued in connection with the Merger to trading on AIM becoming effective in accordance with the AIM Rules or, if Lighthouse and Sumus so determine and subject to the consent of the Panel, the London Stock Exchange agreeing to admit such shares to trading on AIM subject only to (i) the allotment of such shares and/or (ii) the Merger becoming Effective;
 - (b) except as (i) publicly announced by Sumus in accordance with the AIM Rules prior to 11 March 2008, (ii) disclosed in the annual report and accounts of Sumus for the financial

year ended 30 September 2007, or (iii) fairly disclosed in writing by or on behalf of Sumus to Lighthouse or its advisers prior to 11 March 2008, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the wider Sumus Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Merger or the proposed acquisition of any shares or other securities in Sumus by the Lighthouse Group or because of a change in the control or management of Sumus or otherwise, could reasonably be expected to result (in each case to an extent which is material in the context of the wider Sumus Group as a whole) in:

- (i) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any member of the wider Sumus Group, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any member of the wider Sumus Group thereunder being terminated or adversely modified or affected or any obligation or liability arising or any adverse action being taken thereunder;
- (iii) any assets or interests of any member of the wider Sumus Group being or falling to be disposed of or charged or ceasing to be available to such member or any right arising under which any such asset or interest could be required to be disposed of or charged otherwise than in the ordinary course of business;
- (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the wider Sumus Group;
- (v) the rights, liabilities, obligations or interests of any member of the wider Sumus Group in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any member of the wider Sumus Group or its financial or trading position or prospects being materially prejudiced or materially adversely affected;
- (vii) any member of the wider Sumus Group ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation of any liability, actual or contingent, by any member of the wider Sumus Group,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the wider Sumus Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would result in or could reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this paragraph 2(b) (in each case to an extent which is material in the context of the wider Sumus Group as a whole);

- (c) no government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution or any other body or person whatsoever in any jurisdiction (each a "Third Party") having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted or made any statute, regulation, decision or order, or having taken any other steps which would or could reasonably be expected to (in each case to an extent which is material in the context of the wider Sumus Group as a whole):
 - (i) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture by any member of the wider Lighthouse Group or any member of the wider Sumus Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective

businesses (or any of them) or to own any of their respective assets or properties or any material part thereof;

- (ii) require, prevent or delay the divestiture by any member of the wider Lighthouse Group of any shares or other securities in Sumus;
- (iii) impose any limitation on, or result in a delay in, the ability of any member of the wider Lighthouse Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the wider Sumus Group or the wider Lighthouse Group or to exercise management control over any such member;
- (iv) impose any limitation on the ability of any member of the wider Sumus Group or the wider Lighthouse Group to integrate or co-ordinate the business of any member of the wider Lighthouse Group, or any part of it, with that member of the wider Sumus Group and/or any other member of the wider Lighthouse Group;
- (v) otherwise adversely affect the business, assets or profits of any member of the wider Lighthouse Group or of any member of the wider Sumus Group;
- (vi) make the Merger or the Scheme or their implementation or the acquisition or proposed acquisition by Lighthouse or any member of the wider Lighthouse Group of any shares or other securities in, or control of, Sumus void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
- (vii) require any member of the wider Lighthouse Group or the wider Sumus Group to offer to acquire any shares or other securities or interest in any member of the wider Sumus Group or the wider Lighthouse Group owned by any third party;
- (viii) result in any member of the wider Sumus Group ceasing to be able to carry on business under any name under which it presently does so;

and all applicable waiting and other time periods during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Merger or the acquisition or proposed acquisition of any Sumus Shares having expired, lapsed or been terminated;

- (d) all necessary filings or applications having been made in connection with the Merger and the Scheme and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Merger and the Scheme or the acquisition by any member of the wider Lighthouse Group of any shares or other securities in, or control of, Sumus and all authorisations, orders, grants, consents, licences, confirmations, clearances, permissions and approvals (collectively "Consents") reasonably deemed necessary by Lighthouse for or in respect of, the Merger and the Scheme or the proposed acquisition of any shares or other securities in, or control of, Sumus by any member of the wider Lighthouse Group having been obtained in terms and in a form reasonably satisfactory to Lighthouse from all appropriate Third Parties or persons with whom any member of the wider Sumus Group has entered into contractual arrangements in each case where the absence of such Consent would have a material adverse effect on the wider Sumus Group taken as a whole and all such Consents together with all material Consents reasonably necessary to carry on the business of any member of the wider Sumus Group which is material remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Merger and the Scheme otherwise become Effective and all necessary statutory or regulatory obligations in any jurisdiction having been complied with in all material respects;
- (e) except as (i) publicly announced by Sumus in accordance with the AIM Rules prior to 11 March 2008, (ii) disclosed in the annual report and accounts of Sumus for the financial year ended 30 September 2007, or (iii) fairly disclosed in writing by or on behalf of Sumus to Lighthouse or its advisers prior to 11 March 2008, no member of the wider Sumus Group having, since 30 September 2007:

- (i) save as between Sumus and wholly-owned subsidiaries of Sumus, issued, authorised or proposed the issue of additional shares of any class;
- (ii) save as between Sumus and wholly-owned subsidiaries of Sumus, issued or agreed to issue, authorised or proposed the issue of securities convertible or exchangeable into shares of any class or rights, warrants or options to subscribe for, or acquire, any shares or such convertible securities;
- (iii) other than to another member of the Sumus Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend or other distribution whether payable in cash or otherwise;
- (iv) save for intra-Sumus Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition, disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and to an extent which is material in the context of the Sumus Group taken as a whole;
- (v) save for intra-Sumus Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital or issued, authorised or proposed the issue of any debentures;
- (vi) save for intra-Sumus Group transactions and save in the ordinary course of business, incurred or increased any indebtedness or become subject to any guarantee or contingent liability;
- (vii) save for intra-Sumus Group transactions, purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the reorganisation of Sumus' share capital in connection with the Scheme, made any other change to its share capital;
- (viii) entered into, implemented, authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business and otherwise than in respect of this Scheme which in each case is material in the context of the Sumus Group taken as a whole;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be reasonably likely to be materially restrictive on the businesses of the wider Sumus Group taken as a whole or the wider Lighthouse Group taken as a whole or which involves or could involve an obligation of such a nature or magnitude, and in each such case is or would be reasonably likely to be material in the context of the Sumus Group taken as a whole;
- (x) other than in respect of Mr. Julian Telling's Compromise Agreement, entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract with any of the Sumus Directors, and in each such case is or would be reasonably likely to be material in the context of the Sumus Group taken as a whole;
- (xi) other than in respect of a member which is dormant and was solvent at the relevant time, taken or proposed any corporate action or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed which in each case is material in the context of the Sumus Group taken as a whole;
- (xii) entered into any contract, transaction or arrangement which would be materially restrictive on the business of any member of the wider Sumus Group or the wider Lighthouse Group or which is or could reasonably be likely to involve obligations which would be so restrictive;

- (xiii) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased (or threatened to cease) carrying on the whole or a substantial part of its business or entered into or proposed any composition or voluntary arrangement with its creditors (or any class of them) or filed at court any documentation in order to obtain a moratorium prior to any such voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
 - (xiv) made, or announced any proposal to make, any material change or addition to any retirement, death or disability benefit or any other employment related benefit of or in respect of any of its directors, employees, former directors or former employees;
 - (xv) made any amendment to its memorandum or articles of association, save in respect of the amendments to Sumus' articles of association in connection with the Scheme;
 - (xvi) waived or compromised any claim, or authorised any such waiver or compromise, otherwise than in the ordinary course of business which in each case is material in the context of the Sumus Group as a whole; or
 - (xvii) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, effect any of the transactions, matters or events referred to in this condition 2(e),
- and, for the purposes of paragraphs (iii), (iv), (v), (vi) and (vii) of this condition 2(e), the term "Sumus Group" shall mean Sumus and its wholly-owned subsidiaries;
- (f) except as (i) publicly announced by Sumus in accordance with the AIM Rules prior to 11 March 2008, (ii) disclosed in the annual report and accounts of Sumus for the financial year ended 30 September 2007, or (iii) as fairly disclosed in writing by or on behalf of Sumus to Lighthouse or its advisers prior to 11 March 2008, since 30 September 2007:
 - (i) no material adverse change or material deterioration having occurred in the business, assets, financial or trading position, profits or prospects of the Sumus Group taken as a whole;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Sumus Group is or may become a party (whether as a claimant, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the wider Sumus Group having been instituted, announced or threatened in writing by or against or remaining outstanding in respect of any member of the wider Sumus Group which in any such case would have or could reasonably be expected to have a material adverse effect on the Sumus Group taken as a whole;
 - (iii) no contingent or other liability having arisen which would have or could reasonably be expected to have a material adverse effect on the Sumus Group taken as a whole;
 - (iv) no steps having been taken which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the wider Sumus Group which is necessary for the proper carrying on of its business and the absence of which in any case would have or could reasonably be expected to have a material adverse effect on the Sumus Group taken as a whole;
 - (g) except as (i) publicly announced by Sumus in accordance with the AIM Rules prior to 11 March 2008, (ii) disclosed in the annual report and accounts of Sumus for the financial year ended 30 September 2007, or (iii) fairly disclosed in writing by or on behalf of Sumus to Lighthouse or its advisers prior to 11 March 2008, Lighthouse not having discovered:
 - (i) that any financial, business or other information concerning the wider Sumus Group as contained in the information publicly disclosed at any time by or on behalf of any member of the wider Sumus Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not materially misleading and which was not subsequently corrected before 11 March 2008 by public disclosure; or

- (ii) that any member of the wider Sumus Group is subject to any liability (contingent or otherwise) which is material in the context of the Sumus Group taken as a whole.
3. For the purposes of these conditions, the “wider Sumus Group” means Sumus and its subsidiary undertakings, associated undertakings and any other undertaking in which Sumus and/or such undertakings (aggregating their interests) have a significant interest and the “wider Lighthouse Group” means Lighthouse and its subsidiary undertakings, associated undertakings and any other undertaking in which Lighthouse and/or such undertakings (aggregating their interests) have a significant interest, and for these purposes “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Companies Act 1985, other than paragraph 20(1)(b) of Schedule 4A to that Act which shall be excluded for this purpose, and “significant interest” means a direct or indirect interest in ten per cent. or more of the equity share capital (as defined in that Act).
4. Subject to the requirements of the Panel, Lighthouse reserves the right to waive, in whole or in part, all or any of the above conditions, except conditions 1 and 2(a).

PART B – Certain further terms of the Merger

1. The Merger and the Scheme are governed by English law and are subject to the jurisdiction of the English courts and to the terms and conditions set out in this Appendix I and in the Form of Election.
2. The New Lighthouse Shares, which will be issued in connection with the Merger, have not been, and will not be, registered under the US Securities Act or under the securities law of any state, district or other jurisdiction of the United States, Australia, Canada or Japan and no regulatory clearance in respect of the New Lighthouse Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom. The New Lighthouse Shares may not be offered or sold in the United States absent registration under the US Securities Act or an exemption from registration. It is expected that the New Lighthouse Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.
3. Lighthouse may, if Lighthouse and Sumus so agree, implement the Merger by way of a takeover offer for the entire issued and to be issued share capital of Sumus, as defined in Chapter 3 of Part 28 of the Companies Act 2006. In such event, the Merger will be implemented on the same terms (subject to appropriate amendments including (without limitation) an acceptance condition set at 90 per cent. (or such lower percentage as Lighthouse and Sumus may, subject to the consent of the Panel, agree) of the shares to which the Merger relates (or such other percentage as may be required by the Panel) and subject to the availability of an exemption from registration for the New Lighthouse Shares under the US Securities Act, so far as applicable, as those which would apply to implementation of the Merger by means of the Scheme.

APPENDIX II

FINANCIAL INFORMATION ON THE SUMUS GROUP

The historical financial information on the Sumus Plc (“Sumus” or the “Company”) and its subsidiary undertakings (together, the “Sumus Group” or, in this Appendix II, the “Group”) contained in this Appendix II has been extracted without material adjustment from the audited consolidated accounts of Sumus for each of the three financial years ended 30 September 2005, 30 September 2006 and 30 September 2007.

The financial information contained in this Appendix II does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts of Sumus for each of the three years ended 30 September 2005, 30 September 2006 and 30 September 2007, on which unqualified audit reports (not comprising statements under sections 237(2) and 237(3) of the Companies Act 1985) have been given by the auditors of Sumus, have been delivered to the Registrar of Companies in England and Wales.

Sumus Plc – Consolidated Income Statements for the three years ended 30 September 2007

	<i>Notes</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>(as restated)</i> <i>£'000</i>	<i>2005</i> <i>(as restated)</i> <i>£'000</i>
Revenue	1	29,757	15,196	12,521
Cost of sales		(25,687)	(12,662)	(10,461)
Gross profit		4,070	2,534	2,060
Administrative expenses excluding depreciation and amortisation		(2,785)	(1,867)	(1,537)
Earnings before interest, tax, depreciation and amortisation		1,285	667	523
Depreciation and amortisation		(43)	(28)	(31)
Operating profit	3	1,242	639	492
Finance income	4	263	218	146
Finance expense	5	–	–	(10)
Profit before tax expense		1,505	857	628
Tax expense	8	(457)	(259)	(190)
Profit for the year		1,048	598	438
Attributable to equity holders of the Company		1,008	597	439
Minority interests	25	40	1	(1)
Earnings per share – from continuing operations and acquisitions				
Basic	9	3.55p	2.17p	1.78p
Fully diluted	9	3.41p	2.08p	1.78p

Sumus Plc – Consolidated Statements of Changes in Equity for the three years ended 30 September 2007

	2007	2006	2005
		(as restated)	(as restated)
	£'000	£'000	£'000
Balance at start of year	4,485	3,823	1,140
Profit for the year	1,048	598	438
Minority interests	(40)	(1)	–
Dividends paid (2005 as restated)	(220)	(150)	(255)
Issue of shares	225	215	2,500
Balance at end of year	<u>5,498</u>	<u>4,485</u>	<u>3,823</u>

Sumus Plc – Consolidated Balance Sheets as at 30 September for the three years 2005, 2006 and 2007

	<i>Notes</i>	<i>2007</i> £'000	<i>2006</i> <i>(as restated)</i> £'000	<i>2005</i> <i>(as restated)</i> £'000
Assets				
Non-current assets				
Property, plant and equipment	10	90	52	42
Intangible assets	11	2,736	1,733	6
Investments	12	27	27	27
Total non-current assets		<u>2,853</u>	<u>1,812</u>	<u>75</u>
Current assets				
Trade and other receivables	14	1,888	1,896	1,584
Cash and cash equivalents		5,064	4,283	3,947
Total current assets		<u>6,952</u>	<u>6,179</u>	<u>5,531</u>
Total assets		<u><u>9,805</u></u>	<u><u>7,991</u></u>	<u><u>5,606</u></u>
Current liabilities				
Trade and other payables	15	(1,853)	(1,797)	(999)
Tax liabilities	15	(358)	(135)	(193)
Provision for contingent consideration	15	(1,063)	–	–
Total current liabilities	15	<u>(3,274)</u>	<u>(1,932)</u>	<u>(1,192)</u>
Non-current liabilities				
Provision for contingent consideration	16	–	(816)	–
Other provisions	17	(977)	(757)	(591)
Total non-current liabilities		<u>(977)</u>	<u>(1,573)</u>	<u>(591)</u>
Total liabilities		<u><u>(4,251)</u></u>	<u><u>(3,505)</u></u>	<u><u>(1,783)</u></u>
Net assets		<u><u>5,554</u></u>	<u><u>4,486</u></u>	<u><u>3,823</u></u>
Equity				
Issued share capital	18	143	141	137
Share premium	19	2,897	2,674	2,463
Merger reserve	19	160	160	160
Retained earnings	19	2,298	1,510	1,063
Total equity attributable to equity holders of the Company		<u>5,498</u>	<u>4,485</u>	<u>3,823</u>
Minority interests	25	56	1	–
Total equity		<u><u>5,554</u></u>	<u><u>4,486</u></u>	<u><u>3,823</u></u>

Sumus Plc – Consolidated Cash Flow Statements for the three years ended 30 September 2007

	2007	2006	2005
	£'000	(as restated) £'000	(as restated) £'000
Profit before tax expense	1,505	857	628
Adjustments for:			
Depreciation and amortisation	44	28	31
Finance income	(263)	(218)	(146)
Finance expense	–	–	10
Changes in working capital (excluding the effects of acquisitions):			
Trade and other receivables	51	(97)	(193)
Trade and other payables	33	314	(74)
Other provisions	220	147	14
Cash generated from operating activities	1,590	1,031	270
Tax paid	(364)	(325)	(140)
Net cash from operating activities	1,226	706	130
Cash flows from investing activities			
Finance income received	263	218	136
Finance expenses paid	–	–	(10)
Acquisition of subsidiaries (Group – net of cash acquired)	(445)	(416)	(6)
Purchase of property, plant and equipment	(43)	(22)	(31)
Net cash used by investing activities	(225)	(220)	89
Cash flows from financing activities			
Dividends paid	(220)	(150)	(255)
Repayment of borrowings	–	–	(100)
Net proceeds from share issue	–	–	2,500
Net cash used in financing activities	(220)	(150)	2,145
Net increase in cash and cash equivalents	781	336	2,364
Cash and cash equivalents at start of year	4,283	3,947	1,583
Cash and cash equivalents at end of year	5,064	4,283	3,947

Sumus Plc – Notes to the financial information for the three years ended 30 September 2007

Sumus Plc (the “Company”) is a company incorporated in England and Wales. The financial information is presented in pounds sterling.

The financial information consolidates that of the Company and its subsidiaries (together referred to as the “Group”).

The financial information has been prepared and approved by the directors in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

1 Basis of preparation and significant accounting policies

Basis of preparation

The preparation of the Group financial information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at each balance sheet date. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the financial information.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management’s best judgement at each balance sheet date. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial information at the original estimates. Assumptions are modified, as appropriate, in the year in which the circumstances change.

The financial information has been prepared on the historical cost basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently by the Group to all years presented in this financial information.

Basis of consolidation

The consolidated financial information incorporates the financial information of Sumus Plc and its subsidiaries. There are no associates or joint ventures to be considered.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial information. The Group uses the purchase method of accounting to account for the acquisition of subsidiaries (with the exception of The Falcon Group Plc, which was acquired and consolidated in 2000 using the merger method of accounting).

The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill.

Revenue

Revenue represents fees and commissions receivable from product providers and clients, excluding VAT. Revenue is only recognised when there is persuasive evidence that a contract exists, the fee is fixed or determinable and collection of the resulting receivable is considered probable. Full provision is made for all known or expected losses.

Revenue is recognised on a receivable basis, net of any claw backs where applicable.

Commission earned on indemnity terms is included in the financial information when it is considered due. A provision for lapses on commission received on an indemnity basis is included within the financial information.

Revenue recognised but not yet received at the year end is included as accrued income, when due from providers or clients, or as trade debtors when due from Appointed Representatives.

Goodwill

Goodwill is determined by comparing the amount paid, including the full undiscounted value of any deferred and contingent consideration, on the acquisition of a subsidiary or associated undertaking, and the Group's share of the aggregate fair value of its separable net assets. Goodwill is capitalised and is subject to annual impairment reviews in accordance with applicable accounting standards.

Acquired customer relationships (including Appointed Representative contracts)

The value of acquired customer relationships is determined by estimating the net present value of the future profits expected from those customer relationships that relate to contracts covering a pre-determined period or having a definite useful economic life, and the resultant carrying value is amortised to the income statement over that estimated useful economic life. Where the relationships have an indefinite estimated useful economic life, the carrying value is subject to annual impairment reviews in accordance with applicable accounting standards.

In the case of Appointed Representative contracts, the directors consider that these have an indefinite useful economic life as the contracts are with Appointed Representative firms, rather than individual financial advisers or their clients.

Deferred and contingent consideration

Deferred and contingent consideration payable is shown as a creditor within current or non-current liabilities (as appropriate) on the balance sheet to the extent that a contractual obligation exists, or may exist, to make payment in cash. Where the consideration is payable by way of a variable number of shares equal in value to the amount of the contractual obligation, the shares to be issued are shown as a financial liability.

Segment reporting

A business segment is a distinguishable component of a group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Depreciation

Property, plant, and machinery are stated at cost less accumulated depreciation. Depreciation on these assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful economic life as follows:

Leasehold improvements – over the period of the lease

Fixtures, fittings and equipment – 4 years

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full in respect of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised where unused tax losses are available to offset against future profits and where there is convincing evidence that sufficient taxable profits will be available against which the unused tax losses can be offset.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful economic lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce constant periodic rates of charge on the net obligations outstanding in each period. All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term.

Provisions

Provisions for client compensation claims and for lapses in respect of indemnity commission are recognised where the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated. Amounts recoverable from third parties in respect of such claims or lapses are included within “Trade and other receivables” where such recovery is reasonably certain.

Defined contribution pension scheme

The pension costs charged in the financial information represent the contributions payable by the Group during the year.

The Group operates a number of defined contribution schemes for the benefit of its employees. Contributions payable are charged to the income statement in the period to which they relate and are invested separately from the Group’s assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade payables

Trade payables are stated at their nominal value.

Future changes in accounting standards

Certain new standards, amendments and interpretations to existing standards have been published that will be applicable to the financial statements of the Group in future years.

These comprise the following which relate to the presentation and disclosure of information in the financial statements: IFRS 7, Financial Instruments: Disclosures (effective for periods beginning on or after 1 January 2007); IFRS 8, Operating Segments (effective for periods beginning on or after 1 January 2009); IAS 1 Presentation of Financial Statements: a Revised Presentation (effective for periods beginning on or after 1 January 2009).

Certain interpretation documents (“IFRICs”) have been published that relate to accounting treatments as follows: IFRIC 10, Interim Financial Reporting and Impairment (effective for periods beginning on or after 1 November 2006), which provides guidance on whether certain impairment losses should subsequently be reversed; and IFRIC 11 – IFRS 2, Group and Treasury Share Transactions (effective for periods beginning on or after 1 March 2007), which provides guidance on share-based transactions.

Other new IFRICS that are not considered to be relevant to Group operations are: IFRIC 12, Service Concession Arrangements; IFRIC 13, Customer Loyalty Programmes; and IFRIC 14 – IAS 9: The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.

2 Segment reporting

The Group operates in one primary business segment, being that of supplying Independent Financial Advice (IFA) and IFA Network services. In the opinion of the directors the risks and returns of each

class of business e.g. investment, pensions, assurance and mortgage products are not significantly different from each other and so they make up one business segment as a whole.

The secondary segment is geographic and as the Group operates wholly within the UK no further segmental analysis is appropriate.

3 Operating profit

Operating profit is stated after charging:

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Depreciation	27	28	31
Amortisation of intangible assets	17	–	–
Operating lease rentals – land and buildings	126	97	96
– other assets	18	1	12
Fees receivable by the Group's auditors:			
Audit of financial statements	43	28	21
Other services relating to taxation	9	8	5
Services relating to corporate finance transactions	4	14	41
Other services	23	8	–
	<u>263</u>	<u>218</u>	<u>146</u>

Of the services relating to corporate finance transactions, £4,450 (2006: £20,000, 2005: £Nil) has been capitalised as part of the acquisition cost of subsidiaries.

4 Finance income

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Bank interest receivable	<u>263</u>	<u>218</u>	<u>146</u>

5 Finance expense

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Interest payable on pension fund loan (see note 20)	<u>–</u>	<u>–</u>	<u>10</u>

6 Employees' and directors' remuneration

The average monthly number of employees (including the directors) during the period were:

	<i>2007</i>	<i>2006</i>	<i>2005</i>
Management and administrators	<u>43</u>	<u>25</u>	<u>17</u>

Their total remuneration was:

	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	1,237	707	505
Social security costs	116	66	48
Pension costs	89	64	65
	<u>1,442</u>	<u>837</u>	<u>618</u>

The employees' and directors' remuneration is reflected in the financial information within administration expenses.

Directors' emoluments can be analysed as follows:

	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Remuneration and other emoluments	373	301	238
Less amount charged as part of the cost of the acquisition of subsidiaries (2005: charged to share premium account for services re AIM admission)	<u>(10)</u>	<u>(35)</u>	<u>(12)</u>
	<u>363</u>	<u>266</u>	<u>226</u>
	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Highest paid director	<u>111</u>	<u>101</u>	<u>97</u>

There were two directors to whom retirement benefits are accruing under a money purchase scheme (2006: 2, 2005: 2). Contributions of £60,000 were paid during the year (2006: £60,000, 2005: £60,000).

7 Pension costs

The Group operates a number of defined contribution pension schemes, one for the benefit of 2 executive directors and the others for the benefit of certain employees. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the Group which amounted to £89,000 (2006: £64,000, 2005: £65,000).

8 Tax expense

	<i>2007</i> £'000	<i>2006</i> £'000	<i>2005</i> £'000
Current tax charge	457	259	190
Deferred tax	—	—	—
Tax expense for the year	<u>457</u>	<u>259</u>	<u>190</u>
Factors affecting the tax expense for the year			
Profit before tax	<u>1,505</u>	<u>857</u>	<u>628</u>
Profit before tax multiplied by standard rate of UK corporation tax of 30%	452	257	188
Effects of:			
Non-deductible expenses	12	2	2
Depreciation in excess of capital allowances	(2)	1	2
Tax losses utilised (2005: tax losses not utilised)	(2)	(1)	1
Amortisation of intangibles	5	—	—
Benefit of lower tax rate	(1)	—	—
Prior year adjustments	(7)	—	(3)
Current tax charge	<u>457</u>	<u>259</u>	<u>190</u>

9 Earnings per share

The calculation of basic earnings per share is calculated by dividing profit attributable to the equity shareholders of the Company of £1,008,000 (2006: £597,000, 2005: £439,000) by the weighted average number of shares in issue during the year.

	<i>2007</i>	<i>2006</i>	<i>2005</i>
Profit for the year attributable to equity holders of the Company	£1,008,000	£597,000	£439,000
Weighted average number of shares for basic earnings per share	<u>28,374,439</u>	<u>27,544,660</u>	<u>24,643,836</u>
Basic earnings per share	<u>3.55p</u>	<u>2.17p</u>	<u>1.78p</u>

Fully diluted earnings per share is calculated by dividing profit attributable to the equity shareholders of the Company of £1,008,000 (2006: £597,000, 2005: £439,000) by the weighted average number of shares in issue during the year and the actual number of shares issued as deferred consideration subsequent to the year end.

	<i>2007</i>	<i>2006</i>	<i>2005</i>
Profit for the year attributable to equity holders of the Company	£1,008,000	£597,000	£439,000
Fully diluted weighted average number of shares	<u>29,532,533</u>	<u>28,744,660</u>	<u>24,643,836</u>
Fully diluted earnings per share	<u>3.41p</u>	<u>2.08p</u>	<u>1.78p</u>

10 Property, plant and equipment

	<i>Leasehold improvements £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Total £'000</i>
Cost			
At 30 September 2004	22	105	127
Additions	–	31	31
Disposals	–	(11)	(11)
	<hr/>	<hr/>	<hr/>
At 30 September 2005	22	125	147
Additions	–	22	22
On acquisition of subsidiary	–	25	25
	<hr/>	<hr/>	<hr/>
At 30 September 2006	22	172	194
Additions	–	43	43
On acquisition of subsidiary	–	57	57
	<hr/>	<hr/>	<hr/>
At 30 September 2007	22	272	294
	<hr/>	<hr/>	<hr/>
Depreciation			
At 30 September 2004	12	73	85
Charge for the year	5	26	31
Disposals	–	(11)	(11)
	<hr/>	<hr/>	<hr/>
At 30 September 2005	17	88	105
Charge for the year	4	24	28
On acquisition of subsidiary	–	9	9
	<hr/>	<hr/>	<hr/>
At 30 September 2006	21	121	142
Charge for the year	1	26	27
On acquisition of subsidiary	–	35	35
	<hr/>	<hr/>	<hr/>
At 30 September 2007	22	182	204
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2007	–	90	90
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2006	1	51	52
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2005	5	37	42
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Intangible fixed assets

<i>Group</i>	<i>Goodwill £'000</i>	<i>Acquired customer relationships £'000</i>	<i>Acquired Appointed Representative contracts £'000</i>	<i>Total £'000</i>
Cost				
At 30 September 2004	–	–	–	–
Additions	6	–	–	6
At 30 September 2005	6	–	–	6
Additions	–	–	1,727	1,727
At 30 September 2006	6	–	1,727	1,733
Additions	–	773	–	773
Adjustment to deferred contingent consideration	–	–	247	247
At 30 September 2007	6	773	1,974	2,753
Amortisation				
At 30 September 2004, 2005 and 2006	–	–	–	–
Charge in year	–	17	–	17
At 30 September 2007	–	17	–	17
Net book value				
At 30 September 2007	6	756	1,974	2,736
At 30 September 2006	6	–	1,727	1,733
At 30 September 2005	6	–	–	6

The addition during the three years ended 30 September 2007 arose on the acquisition of 70 per cent. of the issued share capital of Financial Synergies Plc, a company under the control of A Rosengren and J P Telling who are directors of the Company (see notes 13 and 20), the acquisition of 50.1 per cent. of the issued share capital of Deverill Black & Company Limited in June 2007 and the addition in the year ended 30 September 2006 arose on the acquisition of Financial Services Advice and Support Limited (“FSAS”) in September 2006. The remaining amortisation period for the assets acquired in Deverill Black & Company Limited as at 30 September 2007 was 14 years and 8 months (2006 and 2005: Nil). Further details are set out in note 13.

The intangible asset arising in respect of the Acquired Appointed Representative contracts relates to the fair value of the contractual relationships between FSAS and its Appointed Representative firms, where FSAS is considered to be a cash generating unit (“CGU”) as defined by International Accounting Standard No. 36. The recoverable amount of the intangible asset arising from the acquisition of that CGU has been determined based on fair value less costs to sell.

The initial fair value was derived from an observable market price when FSAS was acquired in September 2006. Based on the performance of FSAS since that date, the directors consider that the recoverable amount of the CGU has increased and therefore the carrying value of this intangible asset has not been impaired.

12 Investments

Listed investment at cost

£'000

At 30 September 2005, 2006 and 2007

27

The market value of the listed investment as at 30 September 2007 was £127,000 (2006: £113,000, 2005: £97,000).

13 Investments in subsidiary undertakings

The Company has the following subsidiary undertakings:

<i>Name</i>	<i>Principal Activity</i>	<i> Holding</i>	<i>Registered</i>
The Falcon Group Plc	IFA and IFA network services	100%	England & Wales
Financial Services Advice and Support Limited (acquired September 2006)	IFA network services	100%	Scotland
Financial Synergies Plc (acquired December 2004 and June 2007)	Commission aggregation services	85%	England & Wales
Deverill Black & Company Limited (acquired June 2007)	IFA services	50.1%	England & Wales

These companies have all prepared accounts for the period to 30 September following the date of acquisition.

Details of the movements and adjustments arising from the acquisition of subsidiary undertakings during the three years ended 30 September 2007 were as follows:

Purchase of subsidiary undertaking – Deverill Black & Company Limited

On 5 June 2007 the Company acquired 50.1 per cent. of the issued ordinary share capital of Deverill Black & Company Limited (“Deverill Black”). This was acquired for £750,000 plus costs, paid by £525,000 in cash and £225,000 by the issue of new ordinary shares of 0.5p in the Company, issued as fully paid.

The fair values of the identifiable assets and liabilities of Deverill Black at the date of acquisition were as follows:

<i>Net assets acquired</i>	<i>Book value</i> £'000	<i>Revaluation</i> £'000	<i>Fair value</i> £'000
Goodwill	109	(109)	–
Tangible fixed assets	22	–	22
Trade and other receivables	43	–	43
Cash at bank and in hand	122	–	122
Trade and other payables	(23)	–	(23)
Corporation tax	(130)	–	(130)
Net assets	<u>143</u>	<u>(109)</u>	<u>34</u>
Group share at 50.1%			17
Acquisition costs			(40)
Group's share of intangible assets arising on consolidation – customer relationships (note 11)			<u>773</u>
			<u>750</u>
Satisfied by			
Shares allotted			225
Cash paid			<u>525</u>
			<u>750</u>

The intangible assets identified relate to the Group's share of the estimated fair values of the customer relationships of Deverill Black as at the date of acquisition.

The £225,000 share payment was made by way of an issue of 512,528 new ordinary shares fully paid to the vendors. Fair value for these shares was set at 43.9p, being the average mid market price of the Company's shares for the five business days immediately preceding the date of issue. These shares are subject to a 12 month lock-in arrangement whereby for that period following the date of acquisition no sales may be made without the prior written consent of the Company which may be withheld for any reason. The shares are also subject to an orderly marketing restriction for the subsequent 12 months following the end of the lock-in period.

Prior years – Deverill Black & Company Limited

The summarised income statement of the acquired entity for the 27 week period from the beginning of its financial year on 1 December 2006 to the effective date of acquisition, and for its previous financial year, is set out below.

	<i>27 weeks to 5 June 2007 £'000</i>	<i>Year ended 30 November 2006 £'000</i>
Revenue	387	920
Cost of sales	(61)	(105)
Gross profit	<u>326</u>	<u>815</u>
Administrative expenses	(113)	(468)
Operating profit and profit before tax expense	<u>213</u>	<u>347</u>
Tax expense	(51)	(78)
Profit after tax	<u><u>162</u></u>	<u><u>269</u></u>

Reconciliation of amounts paid for acquisition of Deverill Black & Company Limited

	<i>£'000</i>
Cash consideration paid	(525)
Acquisition costs	(40)
Net cash balances acquired	<u>122</u>
Net cash outflow on acquisition	<u><u>(443)</u></u>

Financial Services Advice and Support Limited

On 7 September 2006 the Company acquired 100 per cent. of the issued ordinary share capital of Financial Services Advice and Support Limited ("FSAS"). This was acquired for an initial consideration of £859,000, satisfied by £644,000 in cash and £215,000 by the issue of 708,745 new ordinary shares of 0.5p in the Company, issued as fully paid, and further deferred consideration up to a maximum of £1,141,000 in cash and shares.

The fair values of the identifiable assets and liabilities of FSAS at the date of acquisition were as follows:

<i>Net assets acquired</i>	<i>Book value</i> £'000	<i>Revaluation</i> £'000	<i>Fair value</i> £'000
Intangible assets	53	(53)	–
Tangible fixed assets	16	–	16
Trade and other receivables	215	–	215
Cash at bank and in hand	362	–	362
Trade and other payables	(484)	–	(484)
Corporation tax	(12)	4	(8)
Other provisions	(19)	–	(19)
Net assets	<u>131</u>	<u>(49)</u>	82
Acquisition costs			(134)
Group's share of intangible assets arising on consolidation – Appointed Representative contractual relationships (note 11)			<u>1,727</u>
			<u>1,675</u>
Satisfied by			
Initial consideration			
Shares allotted			215
Cash paid			644
Deferred consideration			
Shares to be allotted			408
Cash paid			408
			<u>1,675</u>

The intangible assets identified relate to the Group's share of the estimated fair values of the Appointed Representative contractual relationships of FSAS as at the date of acquisition.

The £215,000 share payment in 2006 was made by way of an issue of 708,745 new ordinary shares fully paid to the vendors. Fair value for these shares was set at 30.3p, being the average mid market price of the Company's shares for the five business days immediately preceding the date of issue. These shares were subject to an orderly marketing restriction for the 12 months following the date of issue.

The summarised income statement of the acquired entity for the 44 week period from the beginning of its financial year on 1 November 2005 to the effective date of acquisition, and for its previous financial year, is set out below.

	<i>44 weeks to</i> <i>7 September 2006</i> £'000	<i>Year ended</i> <i>31 October 2005</i> £'000
Revenue	10,039	7,523
Cost of sales	<u>(9,203)</u>	<u>(6,745)</u>
Gross profit	836	778
Administrative expenses	<u>(761)</u>	<u>(735)</u>
Operating profit	75	43
Finance expense	<u>(1)</u>	<u>–</u>
Profit before tax expense	74	43
Tax expense	<u>(24)</u>	<u>–</u>
Profit after tax	<u>50</u>	<u>43</u>

The above information was extracted from the audited financial statements of FSAS for 2005 and 2006 and is stated after reclassifying professional indemnity premiums and FSA fees paid from cost of sales to administrative expenses in order to be consistent with the presentation in the group's consolidated income statement.

Reconciliation of amounts paid for acquisition of FSAS

	<i>£'000</i>
Initial cash consideration paid	(644)
Acquisition costs	(134)
Net cash balances acquired	<u>362</u>
Net cash outflow on initial acquisition	<u><u>(416)</u></u>

The deferred consideration payable in respect of FSAS was to be calculated as a multiple of the Earnings Before Interest and Tax ("EBIT") of that company for the year ended 30 September 2007 and at 30 September 2006 was estimated at £816,000.

The results of FSAS for the year ended 30 September 2007 have now been finalised and the deferred consideration has been agreed at £1,063,132. This was settled on 28 December 2007 and, in accordance with the provisions of the related sale and purchase agreement, was satisfied by a cash payment of £531,566 and by the issue of 1,158,094 new ordinary shares of 0.5p each in the Company, fully paid, with a fair value of £531,566.

Acquisition of 85 per cent. of the issued share capital of Financial Synergies Plc

In December 2004, the Company acquired 70 per cent. of the issued share capital of Financial Synergies Plc from Capitecs Limited, a company under the control of A Rosengren and J P Telling who were, at that date, directors of the Company and of that company. The consideration for the shares acquired was their partly paid up nominal value of £8,750; this exceeded the fair value of the Company's share of assets acquired by £6,581 which sum was debited to intangible assets as goodwill (see note 11).

In June 2007 the Company acquired a further 15 per cent. of the issued share capital of Financial Synergies Plc. The consideration for the shares then acquired was their partly paid up nominal value of £1,875 and the fair value of assets acquired was £1,725.

14 Trade and other receivables

	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>(as restated)</i>	<i>(as restated)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade receivables	115	90	–
Other receivables	36	100	111
Amounts recoverable from advisers and insurers in respect of compensation claims and lapses (see note 17)	777	610	493
Prepayments	167	178	119
Accrued income	793	918	861
	<u>1,888</u>	<u>1,896</u>	<u>1,584</u>

The amounts recoverable from advisers and insurers in respect of compensation claims and lapses may not be recoverable within 12 months as the related provisions are held in respect of both current and future estimated compensation claims and lapses.

15 Trade and other payables

	2007	2006	2005
		<i>(as restated)</i>	
	£'000	£'000	£'000
Trade payables	668	910	711
Corporation tax	358	135	193
Other taxes and social security costs	48	31	17
Other creditors	351	318	–
Deferred contingent consideration (note 16)	1,063	–	–
Accruals and deferred income	786	538	271
	<u>3,274</u>	<u>1,932</u>	<u>1,192</u>

16 Provision for non-current contingent consideration

	2007	2006	2005
		<i>(as restated)</i>	
	£'000	£'000	£'000
Deferred and contingent consideration	<u>–</u>	<u>816</u>	<u>–</u>

The deferred and contingent consideration in 2006 was the estimated additional deferred consideration payable after 30 September 2007 in respect of the acquisition of FSAS in September 2006. This amount was subject to an earn-out based on the EBIT of FSAS for the year ended 30 September 2007 (see note 13), was to be settled as to 50 per cent. in cash and 50 per cent. by the issue of new ordinary shares of 0.5p each in the Company, fully paid and was not due to be settled until December 2007.

The equivalent deferred contingent consideration creditor as at 30 September 2007, which was increased by £247,000 following the finalisation of the EBIT of FSAS for the year then ended (see note 13), was transferred to current liabilities at 30 September 2007 and was settled in full on 28 December 2007.

17 Other provisions

	<i>Client compensation claims</i>	<i>Lapses</i>	<i>Total</i>
	£'000	£'000	£'000
At 1 October 2004			
As previously reported	50	34	84
Adjustment to show the provision gross of amounts recoverable from advisers and insurers	253	207	460
As restated	303	241	544
Utilised in year			
As previously reported	(79)	(287)	(366)
Adjustment to show the provision gross of amounts recoverable from advisers and insurers	–	33	33
As restated	(79)	(254)	(333)
Charge to income statement	79	301	380
At 30 September 2005	303	288	591
Acquisition of subsidiary	–	19	19
Utilised in year	(41)	(288)	(329)
Charge to income statement	200	276	476
At 30 September 2006	462	295	757
Utilised in year	(81)	(308)	(389)
Charge to income statement	168	441	609
At 30 September 2007	<u>549</u>	<u>428</u>	<u>977</u>

Client compensation claims

A provision is held in relation to current and future client complaints across all product types. The assumptions used are based on previous experience and factors prevailing currently in the financial services industry. The amount provided is shown in these financial statements as the gross obligation, with the associated recovery from financial advisers and insurers being included within "Trade and other receivables" where such recovery is reasonably certain (see note 14).

As at 30 September 2007, the recoverable amounts were estimated at £449,000 (2006: £382,000, 2005: £253,000).

Lapses for indemnity commissions

The provision for lapses reflects the estimated clawback by product providers of commissions received under indemnity terms for future policy lapses. The assumptions used are based on current experience taking into account actual commission clawback in the last twelve months. The amount provided is shown in these financial statements as the gross obligation, with the associated recovery from financial advisers being included within "Trade and other receivables" where such recovery is reasonably certain (see note 14).

As at 30 September 2007, the recoverable amounts were estimated at £328,000 (2006: £228,000, 2005: £240,000).

Deferred taxation

The potential deferred tax liabilities of the Group were not material at either 30 September 2005, 2006 or 2007 and, calculated at 30 per cent., arose as follows:

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Accelerated capital allowances	<u>1</u>	<u>(5)</u>	<u>(5)</u>

Financial instrument risks

The Group is not subject to significant risks arising from financial instruments.

The Group does not have any utilised borrowing facilities, it does not trade in foreign currencies, and there are therefore no material differences between the fair value and liabilities of such exposures.

As at 30 September 2007, there were balances at the bank totalling £5,064,000 (2006: £4,283,000, 2005: £3,947,000). These accounts earn interest at variable interest rates.

18 Share capital

Authorised

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
200,000,000 Ordinary shares of 0.5p each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	<i>Share capital No. of shares</i>	<i>Share capital £'000</i>
At 1 October 2004 ordinary shares of 10p each	1,000,000	100
Reorganisation of share capital by 20 for 1 share split	19,000,000	–
Issued on Admission to AIM in February 2005	7,500,000	37
	<hr/>	<hr/>
At 30 September 2005 ordinary shares of 0.5p each	27,500,000	137
Issue of shares on acquisition of subsidiary	708,745	4
	<hr/>	<hr/>
At 30 September 2006	28,208,745	141
Issue of shares on acquisition of subsidiary	512,528	2
	<hr/>	<hr/>
At 30 September 2007	<u>28,721,273</u>	<u>143</u>

On 14 January 2005, the Company passed a special resolution subdividing each issued and unissued ordinary share of 10p into 20 ordinary shares of 0.5p each.

On 17 February 2005, 7,500,000 ordinary shares of 0.5p each were issued for a cash price of 40p each, consequent to a Placing and Admission to the Alternative Investment Market. This raised £3,000,000 gross of expenses of which £37,500 represented the nominal value of shares which was credited to share capital and £2,962,500, being the resultant premium on issue, was credited to the share premium account. The costs of £500,000 relating to the share issue were deducted from the share premium account.

On 7 September 2006 708,745 new ordinary shares of 0.5p each were issued, fully paid, at a value of 30.3p per share pursuant to the acquisition of 100 per cent. of Financial Services Advice and Support Limited (see note 13). The nominal value of those shares was credited to share capital and the resultant premium on issue was credited to the share premium account.

On 5 June 2007 512,528 new ordinary shares of 0.5p each were issued, fully paid, at a value of 43.9p per share pursuant to the acquisition of 50.1 per cent. of Deverill Black & Company Limited (see note 13). The nominal value of those shares has been credited to share capital and the resultant premium on issue has been credited to the share premium account.

19 Reserves

	<i>Share premium £'000</i>	<i>Merger reserve £'000</i>	<i>Retained earnings £'000</i>
At 1 October 2004	–	160	880
Premium on shares issued in the year (note 18)	2,963	–	–
Costs relating to share issue	(500)	–	–
Profit for the year	–	–	438
Dividends paid	–	–	(255)
	<hr/>	<hr/>	<hr/>
At 30 September 2005	2,463	160	1,063
Premium on shares issued in the year (note 18)	211	–	–
Profit for the year	–	–	597
Dividends paid	–	–	(150)
	<hr/>	<hr/>	<hr/>
At 30 September 2006	2,674	160	1,510
Premium on shares issued in the year (note 18)	223	–	–
Profit for the year	–	–	1,008
Dividends paid	–	–	(220)
	<hr/>	<hr/>	<hr/>
At 30 September 2007	<u>2,897</u>	<u>160</u>	<u>2,298</u>

Share premium account

The share premium account records the consideration premium arising on shares issued at a value that exceeds their nominal value, less any costs incurred by the Company relating directly to the issue of those shares. Details of the shares issued during the three years ended 30 September 2007 and the related premiums are set out above and in note 18.

Merger reserve

This reserve arose on a capital re-organisation undertaken in December 2000, whereby the Company acquired the whole of the issued share capital of The Falcon Group Plc by way of a share for share exchange. The balance on the reserve represents the excess of fair value of the assets acquired over the fair value of the consideration paid as at that date.

20 Related party transactions

The Company has a related party relationship with its subsidiaries, its directors and other employees of the Company with management responsibility for the Company's affairs. In the opinion of the directors there are no members of key management, as defined by IAS 24 (Related Party Disclosures), who were not also directors of the Company during any of 2005, 2006 or 2007.

During the year ended 30 September 2007 the Company paid SMS Advisory Limited, a company controlled by P J Smith, a director of the Company, fees and expenses totalling £89,689, including VAT, in respect of director's services supplied and in connection with the acquisition of subsidiary undertakings (2006: £95,091, 2005: £46,010). At 30 September 2007 the amount due to SMS Advisory Limited was £4,911 (2006: £4,554, 2005: £Nil).

During the year ended 30 September 2007 the Company paid Paul Bradshaw Consulting Limited, a company controlled by P Bradshaw, a director of the Company, fees and expenses totalling £19,103, including VAT, in respect of non-executive director's services supplied (2006 and 2005: £Nil). At 30 September 2007 the amount due to Paul Bradshaw Consulting Limited was £2,146 (2006 and 2005: £Nil).

The Falcon Group Plc, a subsidiary undertaking of the Company, paid property rents totalling £99,317 during the year ended 30 September 2007 (2006: £96,000, 2005: £89,260) to Capitecs Limited, a company under the control of A Rosengren and J P Telling who are directors of the Company and also of that company. At 30 September 2007 the amount due to Capitecs Limited was £Nil (2006: £Nil, 2005: £19,259 due from Capitecs Limited).

With effect from 31 May 2007 Financial Services Advice and Support Limited ("FSAS") entered into a lease to occupy office premises in Dunfermline. Capitecs Limited, a company under the control of A Rosengren and J P Telling who are directors of the Company and also of that company, has a one-third interest in that property. The rents paid in the period to 30 September 2007 in respect of these premises amounted to £5,000, excluding VAT (2006: £Nil) and no amounts were due to or from Capitecs Limited under these arrangements as at 30 September 2007 (2006: £Nil).

In June 2007 the Company provided an unsecured loan of £10,000 to FSAS to enable it to meet its minimum financial resources requirement under the Financial Services Authority's capital adequacy regime. The loan is unsecured, bears interest at 1 per cent. over LIBOR and is not repayable until 30 June 2009, unless the borrower elects to repay the loan early and subject to the approval of the Financial Services Authority.

During the three years ended 30 September 2007 the Company entered into certain transactions with its wholly owned subsidiary, The Falcon Group Plc, involving short term cash transfers, the defrayal of costs by either company on the other's behalf and recharged group relief to that company. The amounts involved were interest free and have no fixed repayment terms.

In the year ended 30 September 2005 the Group paid interest of £9,320 in respect of a loan of £100,000 provided to the Group by a pension scheme to which the Group contributed and of which A Rosengren and J P Telling are the sole beneficiaries. The loan was repaid in full in December 2004.

On 15 December 2004 the Company acquired 70 per cent. of the issued share capital of Financial Synergies Plc from Capitecs Limited, a company under the control of A Rosengren and J P Telling who are directors of the Company and also of that company. Further details are set out in notes 11 and 13 above.

21 Ultimate parent undertaking and controlling interest

There was no ultimate controlling party of the Company throughout the three year period ended 30 September 2007.

22 Operating leases

The Group had minimum commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings 2007 £'000</i>	<i>Land and buildings 2006 £'000</i>	<i>Land and buildings 2005 £'000</i>	<i>Other assets 2007 £'000</i>	<i>Other assets 2006 £'000</i>	<i>Other assets 2005 £'000</i>
Due within:						
One year	–	–	–	–	–	–
Two to five years	101	11	–	15	11	–
Over five years	45	96	96	–	–	–
Total minimum lease payments	<u>146</u>	<u>107</u>	<u>96</u>	<u>15</u>	<u>11</u>	<u>–</u>

The Group leases four office spaces under operating leases. The outstanding lease terms range from less than five years to twenty years. Lease terms of greater than five years are subject to a rent review under the lease.

23 Dividends

	<i>2007 £'000</i>	<i>2006 £'000</i>	<i>2005 (as restated) £'000</i>
Special interim dividend paid prior to AIM admission at 1p per share	–	–	200
Final dividend at 0.46p per share (2006: 0.327p per share, 2005: Nil per share)	130	90	–
Interim dividend at 0.32p per share (2006: 0.22p per share, 2005: 0.2p per share)	90	60	55
	<u>220</u>	<u>150</u>	<u>255</u>

This financial information does not reflect the final dividends payable in respect of each financial year, which are accounted for in the statement of changes in equity as an appropriation of retained earnings in the following financial year.

24 Business combinations

The amount of operating profit since the acquisition date of acquired companies included within the Group's income statement is as follows:

	2007 £'000	2006 £'000
Financial Services Advice and Support Limited	–	8
Deverill Black & Company Limited	<u>102</u>	<u>–</u>

The revenues and profits of the Group for the year ended 30 September 2007, had the acquisition of Deverill Black & Company Limited been made at the beginning of that year, would have been as follows:

	<i>Consolidated income statement Year ended 30 September 2007 £'000</i>	<i>Pre-acquisition trading of Deverill Black & Company Limited 1 October 2006 – 4 June 2007 £'000</i>	<i>Total for the year ended 30 September 2007 as though the acquisition date was 1 October 2006 £'000</i>
Revenue	29,757	–	29,757
Operating profit	<u>1,242</u>	<u>268</u>	<u>1,510</u>

The revenues and profits of the Group for the year ended 30 September 2006, had the acquisition of FSAS been made at the beginning of that year, would have been as follows:

	<i>Consolidated income statement Year ended 30 September 2006 £'000</i>	<i>Pre-acquisition trading of FSAS 1 October 2005 – 7 September 2006 £'000</i>	<i>Total for the year ended 30 September 2006 as though the acquisition date was 1 October 2005 £'000</i>
Revenue	15,196	11,004	26,200
Operating profit	<u>639</u>	<u>82</u>	<u>721</u>

25 Minority interests

	£'000
At 1 October 2004	–
Arising on acquisition of 70% of Financial Synergies Plc in December 2004	1
Share of post acquisition losses for the year	<u>(1)</u>
At 30 September 2005	–
Share of profit after tax expense for the year	<u>1</u>
At 30 September 2006	1
Arising on acquisition of 50.1% of Deverill Black & Company Limited in June 2007	17
Arising on acquisition of a further 15% of Financial Synergies Plc in June 2007	(2)
Shares of profits after tax expense for the year	<u>40</u>
At 30 September 2007	<u>56</u>

The minority interests comprised minority shareholders' interests in the net assets of the following subsidiary undertakings.

	2007	2006	2005
	<i>% Minority Shareholding</i>		
Deverill Black & Company Limited (50.1% acquired June 2007 – see note 13)	49.9%	–	–
Financial Synergies Plc (additional 15% acquired June 2007 – see note 13)	<u>15%</u>	<u>30%</u>	<u>30%</u>

26 Adjustments to previously reported figures

The Group's annual financial statements for the year ended 30 September 2007 were its first prepared in accordance with IFRS. The accounting policies referred to in note 1 have been applied in preparing the financial statements for the year ended 30 September 2007 and the comparative information for the year ended 30 September 2006, and the preparation of an opening IFRS balance sheet at 1 October 2005, the Group's and the Company's date of transition to IFRS.

The financial information includes the 2006 figures as restated for the adjustments resulting from the adoption of IFRS in 2007. The summary of changes is as follows:

(a) *Goodwill and intangible assets on Business Combinations*

In the financial information for the year ended 30 September 2006, a total of £1,727,000, relating to the acquisition of FSAS in September 2006, was reclassified from goodwill to a separate intangible asset "Acquired Appointed Representative contracts", and profit for that year was restated to credit £17,000 of goodwill amortisation that had been charged in that year under UK GAAP.

(b) *Classification of shares to be issued*

In the financial information as at 30 September 2006, a total of £408,000, relating to deferred contingent consideration in respect of the acquisition of FSAS in September 2006, was reclassified from equity to non-current liabilities. This adjustment affected the balance sheet classification only as at that date.

In preparing the financial information set out above for the year ended 30 September 2005, there were no adjustments between UK GAAP and IFRS that necessitated any adjustments to be made in preparing the opening IFRS balance sheet and comparative information of the Group for the year ended 30 September 2005.

In addition to the adjustments resulting from the adoption of IFRS, the Group has made the following additional adjustments to the published results in 2005 and 2006:

(a) Final dividends payable – prior year adjustment shown in the published financial statements for the year ended 30 September 2006.

The retained profits for the year ended 30 September 2005 and current liabilities as at 30 September 2005 were restated to remove £90,000 of final dividends payable in accordance with Financial Reporting Standard 21 ("FRS 21"). The treatment under FRS21 was consistent with that under IFRS.

(b) Amounts receivable from advisers and insurers in respect of compensation claims and lapses.

Trade and other receivables were increased by £493,000 and £610,000 as at 30 September 2005 and 2006 respectively to include amounts receivable from advisers and insurers in respect of compensation claims and lapses. Provisions for compensation claims and lapses were previously reported net of these recoverable amounts. There was no impact on profits as previously reported from this change in presentation, which was made in order to bring the Group in line with current industry practice.

27 Capital commitments

There were no capital commitments as at 30 September 2007 (2006: £Nil, 2005: £Nil).

28 Client money

The total balance on client bank accounts managed by the Group as at 30 September 2007 was £260,262 (2006: £217,185, 2005: £632,945).

29 Cash and cash equivalents

This represented cash and cash equivalents only at each year end. There was no debt at either 30 September 2005, 2006 or 2007.

30 Subsequent event

On 28 December 2007 the Company settled the deferred, contingent consideration due in respect of the acquisition of FSAS in September 2006 in a total amount of £1,063,132. This was satisfied by a cash payment of £531,566 and by the issue of new ordinary shares of 0.5p each in the Company, issued as fully paid and valued at 45.9p per share. Further details are set out in note 13 to the financial information.

APPENDIX III

FINANCIAL INFORMATION ON THE LIGHTHOUSE GROUP

The historical financial information on Lighthouse Group plc (“Lighthouse” or, in this Appendix III, the “Company”) and its subsidiary undertakings (together, the “Lighthouse Group” or, in this Appendix III, the “Group”) contained in this Appendix III has been extracted without material adjustment from the audited consolidated accounts of Lighthouse for each of the two financial years ended 31 December 2005 and 31 December 2006 and from the audited preliminary results of Lighthouse for the financial year ended 31 December 2007 which were announced on 11 March 2008. References in this Appendix III to the Board shall refer to the Lighthouse Board.

The financial information contained in this Appendix III does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts of Lighthouse for each of the two years ended 31 December 2005 and 31 December 2006, on which unqualified audit reports (not comprising statements under sections 237(2) and 237(3) of the Companies Act 1985) have been given by the auditors of Lighthouse, have been delivered to the Registrar of Companies in England and Wales. Statutory accounts of Lighthouse for the year ended 31 December 2007 are due to be delivered to the Registrar of Companies in England and Wales by no later than 31 July 2008.

Lighthouse Group plc – Group Income Statement for the year ended 31 December 2007

	2007 £	2006 £
Revenue	52,941,313	47,159,671
Cost of sales	<u>(36,317,910)</u>	<u>(31,458,272)</u>
Gross profit	16,623,403	15,701,399
Administrative expenses		
Other operating expenses	14,166,971	13,395,032
<i>Earnings before interest, tax, depreciation, amortisation and exceptional items</i>	2,456,432	2,306,367
Exceptional operating expenses	(546,335)	(1,519,375)
Depreciation and amortisation	<u>(368,189)</u>	<u>(272,088)</u>
Total administrative expenses	<u>(15,081,495)</u>	<u>(15,186,495)</u>
Operating Profit	<u>1,541,908</u>	<u>514,904</u>
Finance revenue	410,939	215,703
Finance costs	<u>(55,835)</u>	<u>(57,495)</u>
Profit before taxation	1,897,012	673,112
Tax expense	<u>–</u>	<u>–</u>
Profit for the year attributable to equity holders of the parent	<u>1,897,012</u>	<u>673,112</u>
Basic earnings per share	<u>2.58p</u>	<u>1.00p</u>
Diluted earnings per share	<u>2.31p</u>	<u>0.89p</u>

Lighthouse Group plc – Statements of Changes in Equity for the year ended 31 December 2007

	<i>Share Capital</i> £	<i>Share Premium account</i> £	<i>Merger reserve</i> £	<i>Special undistributable reserve arising from reduction in share premium</i> £	<i>Reserves arising from share based payments</i> £	<i>Profit and loss reserve</i> £	<i>Total</i> £
At 1 January 2007	752,669	15,713,946	2,002,685	–	1,934,008	(10,218,109)	10,185,199
Issue of ordinary share capital	83,708	1,882,017	–	–	–	–	1,965,725
Total recognised income and expense for the year	–	–	–	–	–	1,897,012	1,897,012
Share based payment	–	–	–	–	57,802	–	57,802
Reduction in share premium account	–	(11,900,000)	–	1,999,374	–	9,900,626	–
At 31 December 2007	<u>836,377</u>	<u>5,695,963</u>	<u>2,002,685</u>	<u>1,999,374</u>	<u>1,991,810</u>	<u>1,579,529</u>	<u>14,105,738</u>
At 1 January 2006	751,402	15,713,946	2,002,685	–	377,815	(10,891,221)	7,954,627
Issue of ordinary share capital	1,267	–	–	–	–	–	1,267
Total recognised income and expense for the year	–	–	–	–	–	673,112	673,112
Share based payment	–	–	–	–	1,556,193	–	1,556,193
At 31 December 2006	<u><u>752,669</u></u>	<u><u>15,713,946</u></u>	<u><u>2,002,685</u></u>	<u><u>–</u></u>	<u><u>1,934,008</u></u>	<u><u>(10,218,109)</u></u>	<u><u>10,185,199</u></u>

Lighthouse Group plc – Group Balance Sheet as at 31 December 2007

	<i>Group</i>	
	2007	2006
	£	£
Assets		
Non current assets		
Intangible assets	8,260,470	7,715,825
Property, plant and equipment	363,962	485,217
Investments	–	–
	<u>8,624,432</u>	<u>8,201,042</u>
Current assets		
Trade and other receivables	8,271,976	9,629,692
Cash and cash equivalents	8,953,784	6,799,888
	<u>17,225,760</u>	<u>16,429,580</u>
Total assets	<u>25,850,192</u>	<u>24,630,622</u>
Current liabilities		
Trade and other payables	8,289,965	10,609,232
Contingent consideration	–	552,480
Provisions	2,271,057	2,243,579
	<u>10,561,022</u>	<u>13,405,291</u>
Non current liabilities		
Other payables	–	1,341
Provisions	1,183,432	1,038,791
	<u>1,183,432</u>	<u>1,040,132</u>
Total liabilities	<u>11,744,454</u>	<u>14,445,423</u>
Net Assets	<u>14,105,738</u>	<u>10,185,199</u>
Capital and reserves		
Called up share capital	836,377	752,669
Share premium account	5,695,963	15,713,946
Merger reserve	2,002,685	2,002,685
Special undistributable reserve	1,999,374	–
Other reserves	1,991,810	1,934,008
Profit and loss account	1,579,529	(10,218,109)
Shareholders' equity	<u>14,105,738</u>	<u>10,185,199</u>

Lighthouse Group plc – Consolidated Cash Flow Statement for the year ended 31 December 2007

	<i>Note</i>	2007	2006
		£	£
Operating activities			
Group profit for the year		1,897,012	673,112
<i>Adjustments to reconcile profit for the year to net cash (outflows)/inflows from operating activities</i>			
Loss on disposal of property, plant and equipment		2,426	4,552
Depreciation of property, plant and equipment		218,257	259,219
Amortisation of intangible assets		149,932	12,869
Share based payments		57,802	1,556,193
Adjustment for net settlement of revenue against cost of asset purchase		(140,632)	–
Decrease/(increase) in trade and other receivables		1,348,341	(3,434,201)
(Decrease)/increase in trade and other payables		(2,320,607)	3,109,734
Movement in provisions		172,118	(142,286)
Net cash flow from operating activities		<u>1,384,649</u>	<u>2,039,192</u>
Investing activities			
Payments to acquire intangible assets		(63,775)	(224,946)
Purchase of property, plant and equipment		(99,428)	(116,711)
Expenses associated with acquisitions		(115,288)	(13,724)
Net cash outflow from investing activities		<u>(278,491)</u>	<u>(355,381)</u>
Financing activities			
Proceeds from share issue		1,047,738	1,267
Net cash flow from financing activities		<u>1,047,738</u>	<u>1,267</u>
Increase in cash and cash equivalents		2,153,896	1,685,078
Cash and cash equivalents at the beginning of the year		6,799,888	5,114,810
Cash and cash equivalents at the year end		<u><u>8,953,784</u></u>	<u><u>6,799,888</u></u>

Lighthouse Group plc – Notes to the consolidated financial statements for the year ended 31 December 2007

Basis of preparation

This is the first year in which the Group has prepared its financial statements under IFRS and the comparatives have been restated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRS. The Group issued a press release on 17 August 2007 incorporating its preliminary IFRS financial statements for 2006. The Group and Company financial statements are presented in Sterling except where stated otherwise.

Earnings per ordinary share

The calculation of earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held by the Trust. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. There are options 591,168 (2006: 2,644,582) which could potentially dilute earnings per share in the future, but were not included within the calculation of diluted loss per share as they were anti-dilutive for the periods presented.

Statutory financial statements

The financial information set out in this announcement does not constitute the Group statutory financial statements for the year ended 31 December 2007 or 31 December 2006, but is derived from these financial statements. The statutory financial statements for the Group for the year ended 31 December 2006 were reported on by the auditors without qualification and such reports did not contain any statement under section 237(2) or (3) of the Companies Act 1985. The financial statements for 2006 were delivered to the Registrar of Companies and those for 2007 will be delivered in due course.

Lighthouse Group plc – Restatement of financial information under International Financial Reporting Standards (“IFRS”)

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1. Introduction

Lighthouse Group plc (the Company) is a public limited company, incorporated in England and Wales under the Companies Act 1985, whose shares are publicly traded on the Alternative Investment Market (AIM). In these financial statements, ‘Group’ means the Company and all its subsidiaries.

The Group has previously prepared its primary financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP). From 2007 the Group is required to prepare its consolidated financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS throughout this document refer to the application of International Accounting Standards and International Financial Reporting Standards.

The first Annual Report under IFRS will be for the twelve months ended 31 December 2007 and the first interim results reported under IFRS will be for the six months ended 30 June 2007. This document explains the differences that will arise when the Group’s financial statements are prepared under IFRS rather than UK GAAP. Specifically, this document sets out reconciliations of the Group’s consolidated Balance Sheets, as prepared under UK GAAP, to those prepared in accordance with IFRS as at 1 January 2006 (the opening consolidated Balance Sheet as at the date of transition to IFRS), 30 June 2006 and 31 December 2006. In addition, this document includes reconciliations of the Group’s profit and loss accounts prepared under UK GAAP to those prepared in accordance with IFRS for the six months to 30 June 2006 and for the year to 31 December 2006. No restated IFRS cash flows have been presented as there is no difference between the net cash flows presented under IFRS and the net cash flows presented under the previous GAAP, although a different presentation will apply under IFRS.

This restatement document has been prepared on the basis that all IFRS’s, International Financial Reporting Interpretation Committee (‘IFRIC’) interpretations and current IASB exposure drafts will be issued as final standards and endorsed by the EU.

The UK GAAP information contained in this document does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The auditors, Ernst & Young LLP, have issued unqualified opinions on the Group’s UK GAAP financial statements for the years ended 31 December 2005 and 31 December 2006.

2. First time adoption of IFRS

The Group has applied IFRS 1 ‘First Time Adoption of International Financial Reporting Standards’ as a starting point for reporting under IFRS. The Group’s date of transition to IFRS is 1 January 2006

and comparative information in the financial statements is restated to reflect the Group's adoption of IFRS except where otherwise required or permitted by IFRS 1.

IFRS 1 requires an entity to comply with each IFRS effective at the reporting date for its first financial statements prepared under IFRS. As a general rule, IFRS 1 requires such standards to be applied retrospectively. However, the standard allows several optional exemptions from full retrospective application.

The Group has elected to take advantage of the following exemption:

The Group will adopt a prospective application of IFRS 3 'Business Combinations' to the extent that it applies to acquisitions post 1 January 2006. Acquisitions before that date will be recorded as under previous accounting rules as the Group intends to take advantage of the exemption allowed in IFRS 1 regarding business combinations recognised before the date of transition to IFRS. All goodwill and intangibles will be tested for impairment at the date of transition and, in subsequent periods, goodwill on an annual basis and intangibles when there is an indicator of impairment, as required by IAS 36 'Impairment of Assets'.

3. Summary of major impacts of adoption of IFRS

a) *IFRS 3 – Business Combinations*

The standard deals with accounting for business combinations including goodwill and intangible assets. The Group's current policy under UK GAAP, to amortise goodwill and to test for impairment when there is an indication that the carrying value of an asset might not be recoverable, will be replaced by an annual impairment test and cessation of goodwill amortisation.

In accordance with the transitional provisions of IFRS 1 the Group has chosen to apply IFRS 3 prospectively from the date of transition. As a result, the value of goodwill arising from previous acquisitions has been frozen at the amortised value as at the transition date of 1 January 2006 and the amortisation charged in the year to 31 December 2006 has been reversed.

The credit to the consolidated Income Statement and increase in net assets for the relevant period is as follows:

31 December 2006 + £ 887,000

b) *IAS 19 – Employee benefits*

The standard requires liabilities for employee benefits to be recognised on the basis of a legal or constructive obligation. Liabilities and expenses are generally recognised in the period in which the services are rendered. In accordance with the standard the Group has recognised a provision for employee holiday pay earned but not taken at the end of each accounting period.

The Group's holiday year runs from 1 January to 31 December and no holiday can be accrued at the year end. As a result, adjustments arising from the implementation of IAS 19 arise only at the half year, and the impact of this adjustment for the relevant periods is as follows:

Net assets as at 1 January and 31 December 2006 £ nil

Consolidated Income Statement for the year ended 31 December 2006 £ nil

c) *IAS 38 – Intangible assets*

The standard requires certain assets such as computer software to be recognised as intangible assets, previously under UK GAAP the Group treated these assets as tangible assets. This reclassification, which has no impact in the Consolidated Income Statement, has resulted in computer software being reclassified as intangible assets as follows:

As at 1 January 2006 £ nil

As at 31 December 2006 £212,000

d) *Deferred Tax*

Under IAS 12 the basis for calculating deferred tax on share based payments has changed, in that an additional asset can be recognised being the temporary difference between the cumulative amount taken through the income statement and the amount of tax relief that would have been received if the award had vested at the balance sheet date, multiplied by the expired portion of the vesting period as at that date. However no adjustment arises as deferred tax assets are not being recognised as the Board is of the opinion that there is not sufficient certainty about obtaining a deduction for the timing differences on future reversal.

4. Consolidated Balance Sheet at 1 January 2006 (date of transition to IFRS)

	<i>Under UK GAAP and under IFRS £'000</i>
Assets	
Non current assets	
Intangible Assets	8,263
Property, plant and equipment	632
	<u>8,895</u>
Current Assets	
Trade and other receivables	6,317
Cash and cash equivalents	5,115
	<u>11,432</u>
Total Assets	20,327
Current liabilities	
Trade and other payables	(7,870)
Finance Leases	(9)
Contingent consideration	(721)
Provisions	(2,171)
	<u>(10,771)</u>
Non current liabilities	
Finance Leases	(2)
Contingent consideration	(552)
Provisions	(1,047)
	<u>(1,601)</u>
Total Liabilities	<u>(12,372)</u>
Net Assets	<u>7,955</u>
Capital and Reserves	
Called up share capital	751
Share premium account	15,714
Merger reserve	2,003
Other reserves	378
Profit and loss account	(10,891)
	<u>7,955</u>

At 1 January 2006 there is no difference between reporting under UK GAAP and under IFRS.

5. Consolidated Balance Sheet at 31 December 2006 (end of last period presented under previous GAAP)

	<i>As reported under UK GAAP £'000</i>	<i>Reversal of goodwill amortisation charged in the year £'000</i>	<i>Re-classification of software assets £'000</i>	<i>Restated under IFRS £'000</i>
Assets				
Non current assets				
Intangible Assets	6,617	887	212	7,716
Property, plant and equipment	697	–	(212)	485
	<u>7,314</u>	<u>887</u>	<u>–</u>	<u>8,201</u>
Current Assets				
Trade and other receivables	9,629	–	–	9,629
Cash and cash equivalents	6,800	–	–	6,800
	<u>16,429</u>	<u>–</u>	<u>–</u>	<u>16,429</u>
Total Assets	<u>23,743</u>	<u>887</u>	<u>–</u>	<u>24,630</u>
Current liabilities				
Trade and other payables	(10,607)	–	–	(10,607)
Finance Leases	(3)	–	–	(3)
Contingent consideration	(552)	–	–	(552)
Provisions	(2,244)	–	–	(2,244)
	<u>(13,406)</u>	<u>–</u>	<u>–</u>	<u>(13,406)</u>
Non current liabilities				
Finance Leases	(1)	–	–	(1)
Contingent consideration	–	–	–	–
Provisions	(1,038)	–	–	(1,038)
	<u>(1,039)</u>	<u>–</u>	<u>–</u>	<u>(1,039)</u>
Total Liabilities	<u>(14,445)</u>	<u>–</u>	<u>–</u>	<u>(14,445)</u>
Net Assets	<u>9,298</u>	<u>887</u>	<u>–</u>	<u>10,185</u>
Capital and Reserves				
Called up share capital	752	–	–	752
Share premium account	15,714	–	–	15,714
Merger reserve	2,003	–	–	2,003
Other reserves	1,934	–	–	1,934
Profit and loss account	(11,105)	887	–	(10,218)
	<u>9,298</u>	<u>887</u>	<u>–</u>	<u>10,185</u>

6. Consolidated Income Statement for the year ended 31 December 2006

	<i>As reported under UK GAAP £'000</i>	<i>Reversal of goodwill amortisation charged in the year £'000</i>	<i>Restated under IFRS £'000</i>
Revenue	47,160	–	47,160
Cost of sales	(31,459)	–	(31,459)
Gross profit	15,701	–	15,701
Administrative expenses			
Other operating expenses	(13,395)	–	(13,395)
<i>Earnings before interest, tax, depreciation, amortisation and exceptional items</i>	2,306	–	2,306
Depreciation and amortisation	(1,159)	887	(272)
Exceptional operating expenses	(1,519)	–	(1,519)
Total administrative expenses	(16,073)	887	(15,186)
Operating (loss)/profit	(372)	887	515
Interest income	216	–	216
Interest expense	(58)	–	(58)
(Loss)/profit before tax	(214)	887	673
Taxation	–	–	–
(Loss)/profit for the period	(214)	887	673
(Loss)/profit per share (basic)	(0.32)p		1.00p
(Loss)/profit per share (diluted)	(0.32)p		0.89p

7. Summary of significant accounting policies under IFRS

Authorisation of Financial Statements

The preliminary IFRS financial statements of Lighthouse Group plc were authorised for issue by the board of directors on 16 August 2007.

Basis of preparation

The significant accounting policies which follow set out those policies which are expected to apply for the year ended 31 December 2007. The consolidated financial statements are rounded to the nearest thousand pounds except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Lighthouse Group plc and its subsidiaries as at 31 December each year.

Subsidiaries are consolidated from the date of acquisition when the Group obtains control and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Group has control. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra group balances and transactions, income and expenses and profit and losses from intra-group transactions, are eliminated in full.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, is stated net of value added tax and is earned within the United Kingdom as commissions, fees and administration charges earned by subsidiary undertakings.

Commission income comprises commissions receivable on inception of a new policy or investment product ('initial commissions') and commission receivable on renewal ('renewal commissions').

Initial commissions are recognised when the policy goes on risk after taking account of provisions for the potential cancellation of policies where commission is received under indemnity terms. Renewal commissions are recognised when received.

Fees for financial advice, administration charges and other services are recognised as the services are provided.

Interest income represents bank interest receivable on the Group's cash balances and is recognised as it is earned over the term of the deposit.

Business combinations and Goodwill

Goodwill recognised under UK GAAP prior to the date of transition to IFRS is stated at net book value as at the transition date. Whilst there have been no further acquisitions within the Group since 1 January 2006, business combinations post this date will be accounted for under IFRS 3 using the purchase method. Any future excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities will be recognised in the consolidated Balance Sheet as goodwill. Goodwill at the transition date and any that arises on future acquisitions is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the consolidated Income Statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purposes of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the consolidated Income Statement.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or an operation within it.

Intangible assets

Intangible assets acquired separately are capitalised at cost and those identified in a business acquisition are capitalised at fair value as at the date of acquisition. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses.

Intangibles with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives as follows:

Commissions processing software and development – 5 years

Intangible assets are tested for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment

Property, plant and equipment is stated at cost less any accumulated depreciation and any impairment in value. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated to write off the cost of the asset over its estimated useful life to its residual value based on prices prevailing at the balance sheet date, on a straight-line basis as follows:

Leasehold improvements	Lower of life of lease or 10 years
Office equipment	5 – 10 years
Computer equipment	3 years
Motor vehicles	4 years

All property plant and equipment is reviewed for impairment when there are indications that the carrying value may not be recoverable. If there is evidence of impairment then the asset is written down to its recoverable amount. Any depreciation or impairment is charged in the Consolidated Income Statement as an expense. Useful lives and residual values are reviewed annually.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Consolidated Income Statement in the period of derecognition.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or when annual impairment testing for an asset is required, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the consolidated Income Statement in the expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All regular purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Regular transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Financial assets at fair value through profit or loss

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Assets are carried in the consolidated Balance Sheet at fair value with gains or losses recognised in the consolidated Income Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their invoiced value and recoverable amount. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and short-term deposits in the consolidated Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cashflows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the consolidated Income Statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

The provision for clawback of indemnity commission represents the expected value of commissions potentially reclaimable by product providers in respect of policies cancelled during the indemnity period based on past experience of such claims.

Pension schemes

The Group maintains a number of defined contribution schemes and contributions are charged to the consolidated Income Statement in the year in which they are due.

Income taxes

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated Income Statement except where it relates to an item recognised directly in equity, in which case the related tax is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustments in respect of prior years. Deferred tax liabilities are provided for, using the liability method.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes with the following exceptions:

- Where the deferred tax liability arises from the initial recognition of goodwill,
- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss, and
- In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Exceptional Items

The Group presents as exceptional items on the face of the Consolidated Income Statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Share based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the consolidated Income Statement, with a corresponding entry in equity.

Where the terms of equity settled awards are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the consolidated Income Statement for the award is expensed

immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated Income Statement.

The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity settled awards so as to apply IFRS 2 only to those equity settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the consolidated Income Statement on a straight line basis over the lease term.

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the consolidated Income Statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

8. Independent Auditors Report to Lighthouse Group plc on the preliminary IFRS Financial Statements for the year ended 31 December 2006

We have audited the accompanying preliminary International Financial Reporting Standards ('IFRS') financial statements of Lighthouse Group plc (the Company) for the year ended 31 December 2006 which comprise the opening IFRS consolidated Balance Sheet as at 1 January 2006, the Consolidated Income Statement for the year ended 31 December 2006 and the consolidated Balance Sheet as at 31 December 2006, together with the related accounting policies note.

This report is made solely to the Company in accordance with our engagement letter dated 24 May 2007. Our audit work has been undertaken so that we might state to the Company those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Company for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

These preliminary IFRS financial statements are the responsibility of the Company's directors and have been prepared as part of the Company's conversion to IFRS. They have been prepared in accordance with the basis set out in Note 1 which describes how IFRS have been applied under IFRS 1, and the policies expected to be adopted when management prepares its first complete set of IFRS financial statements as at 31 December 2007.

Our responsibility is to express an independent opinion on the preliminary IFRS financial statements based on our audit. We read the other information accompanying the preliminary IFRS financial statements and consider whether it is consistent with the preliminary IFRS financial statements. This other information comprises the description of significant changes in accounting policies. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the preliminary IFRS 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the preliminary IFRS financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the preliminary IFRS financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the preliminary IFRS financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the preliminary IFRS financial statements for the year ended 31 December 2006 have been prepared, in all material respects, in accordance with the basis set out in Note 1, which describe how IFRS have been applied under IFRS 1, and the policies expected to be adopted, when management prepares its first complete set of IFRS financial statements as at 31 December 2007.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that under IFRS only a complete set of financial statements with comparative financial information and explanatory notes can provide a fair presentation of the Company's financial position, results of operations and cash flows in accordance with IFRS's.

Ernst & Young LLP
Registered Auditor
London

16 August 2007

Lighthouse Group plc – Consolidated Profit and Loss Account for the two years ended 31 December 2006

	<i>Note</i>	2006 £	2005 (restated) £
Turnover			
Continuing – ongoing		47,159,671	31,962,933
Continuing – acquisitions		–	596,342
Group Turnover			
Cost of sales – ongoing	2	47,159,671	32,559,275
Cost of sales – acquisitions		(31,458,272)	(23,874,737)
		–	(44,266)
Total cost of sales – continuing operations		<u>(31,458,272)</u>	<u>(23,919,003)</u>
Gross profit		15,701,399	8,640,272
Administrative expenses			
Other operating expenses	4	13,395,032	8,190,262
Exceptional operating expenses	4	1,519,375	431,085
Depreciation and amortisation of goodwill	4	1,158,855	590,973
Total administrative expenses		<u>(16,073,262)</u>	<u>(9,212,320)</u>
Group Operating Loss	4	(371,863)	(572,048)
Continuing – ongoing		(371,863)	(171,465)
Continuing – acquisitions		–	(400,583)
		<u>(371,863)</u>	<u>(572,048)</u>
Bank interest receivable	5	215,703	80,605
Interest payable and similar charges	5	(57,495)	(12,977)
Net Interest receivable	5	<u>158,208</u>	<u>67,628</u>
Loss on ordinary activities before taxation		(213,655)	(504,420)
Tax on loss on ordinary activities	6	–	–
Loss for the year		<u>(213,655)</u>	<u>(504,420)</u>
Basic loss per share	7	(0.32)p	(1.46)p
Diluted loss per share	7	<u>(0.32)p</u>	<u>(1.46)p</u>

The Group had no recognised gains or losses other than the losses for the year in 2005 and 2006.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Lighthouse Group plc – Notes to the consolidated financial statements for the two years ended 31 December 2006

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies is set out below. The accounting policies have been applied consistently, with the exception of those detailed below.

Accounting standards

In preparing the financial statements for the current year, the Group has adopted FRS 20 ‘Share-based payment’.

The adoption of FRS 20 has resulted in a change in accounting policy for share-based payment transactions. The main impact of FRS 20 on the Group is the recognition of an expense and a corresponding entry to equity for employees’ share options.

The Group has applied FRS 20 retrospectively and has taken advantage of the transitional provisions of FRS 20 in respect of equity settled awards. As a result, the Group has applied FRS 20 only to equity settled awards granted after 7 November 2002 that had not vested on 1 January 2006.

The effect of the revised policy has decreased current year profits by £1,556,193 (2005: £22,265) due to an increase in the employees benefits expense included within other operating expenses.

The deferred contingent consideration arising from the acquisition of Carrwood Barker Holdings Limited has been reallocated from reserves to creditors on reassessment of the appropriate presentation under FRS 25 (Financial Instruments). The 2005 prior year figures have been restated as a result.

Basis of consolidation

The Group financial statements consolidate the financial statements of Lighthouse Group plc and of its subsidiary undertakings drawn up to 31 December each year. The results of acquisitions are consolidated for the period from the date on which control passed and the results of disposals for the period until the date of disposal.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is a maximum of twenty years. Provision is made for any impairment.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset to its residual value over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Office equipment	10-20% straight line
Computer equipment	33% straight line
Leasehold improvements	10% straight line
Motor vehicles	25% straight line

The depreciation charge is pro-rated in the year of acquisition and disposal.

Impairment provisions

In determining the requirement to recognise impairment provisions against tangible fixed assets, goodwill and investments the directors have regard to the pre tax net realisable value and the on-going value in use of the assets in the business. The value in use is determined from estimated discounted future cashflows. Provision is made where the current carrying amount exceeds the higher of these two figures. Impairment reviews are carried out when circumstances indicate that a provision may be required, and in the first full year following an acquisition.

Turnover

Turnover represents fees and commissions earned, net of clawbacks of indemnity commission and excluding value added tax. Turnover is recognised from the date that the policy goes on risk with the product provider, or on the date of provision of services.

Provision for clawback of indemnity commission

The provision for clawback of indemnity commission represents the expected value of commissions potentially reclaimable by product providers in respect of policies cancelled during the indemnity period, based on the past experience of such claims.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing commitments

Assets obtained under finance leases are capitalised in the balance sheet. Assets held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged at a constant rate to the profit and loss account over the relevant period. The capital element of the future payment is treated as a liability.

Rentals payable under operating leases are charged on a straight line basis over the lease term. Where the features of operating leases include rent free periods or incentives to occupy, these are spread equally over the term of the lease, or the term of the lease until market rent first applies. Any liability recognised is included within provisions for liabilities and charges.

Pensions

The Group makes contributions to money purchase pension plans for certain employees. Contributions payable for the period are charged to the profit and loss account as they become payable.

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

Where the terms of an equity settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The Group has taken advantage of the transitional provisions of FRS 20 in respect of equity settled awards so as to apply FRS 20 only to those equity settled awards granted after 7 November 2002 that had not vested before 1 January 2006. For awards granted before 7 November 2002, the Group recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards.

The adoption of this standard has no overall effect on the Group's retained reserves or cash flows.

2. Turnover

The turnover and profit before taxation are attributable to the principal activity of the Group and relate to services provided in the United Kingdom.

3. Directors' and staff costs

The staff costs for the year, including directors, were as follows:

	2006	2005 (as restated)
	£	£
Wages and salaries – advisers	1,915,262	157,460
Wages and salaries – other staff	5,045,767	3,220,714
Share based payment	1,556,193	22,265
Social security costs	763,180	365,733
Other pension costs	164,075	54,067
	<u>9,444,477</u>	<u>3,820,239</u>

The average number of employees during the year was as follows:

	Number	Number
Directors	4	3
Administration staff	<u>199</u>	<u>102</u>
	<u>203</u>	<u>105</u>

	2006 £	2005 £
Directors		
Aggregate emoluments	837,585	526,971
Company contributions to money purchase pension schemes	9,000	750
	<u>846,585</u>	<u>527,721</u>
Highest paid director		
Aggregate emoluments	230,602	182,954
Company contributions to money purchase pension schemes	–	–
	<u>230,602</u>	<u>182,954</u>

There was one director who was a member of a defined contribution pension scheme (2005: one).

4. Operating loss

The operating loss is stated after charging/(crediting):

	2006 £	2005 £
Depreciation of tangible fixed assets – owned	268,765	140,984
Depreciation of tangible fixed assets held under finance leases	3,323	698
Amortisation of goodwill	886,767	449,291
Impairment of joint venture investment	–	6,229
Rental income from subletting land and buildings	–	(69,551)
Leasehold property rentals payable	383,579	284,094
Hire of equipment under operating leases	62,687	39,443
Exceptional operating expenses (see below)	1,519,375	431,085

Auditors' remuneration

During the year the Group obtained the following services from the Group's auditor as detailed below:

	2006 £	2005 £
Audit of the financial statements*	20,400	19,000
Other fees to auditors:		
Local statutory audits for subsidiaries	63,000	56,500
Taxation services	9,450	9,000
Corporate Finance services	–	45,668
Other services	19,250	10,000
	<u>112,100</u>	<u>140,168</u>

* £8,400 (2005: £8,000) of this relates to the Company.

Corporate Finance services in 2005 amounting to £45,668 in connection with the acquisition of Carrwood Barker Holdings Limited were included as a cost of the acquisition.

Administrative expenses

	2006 <i>Continuing – on going & total</i> £	2005 <i>Continuing – on going (as restated)</i> £	2005 <i>Continuing – acquisitions</i> £	2005 <i>Total (as restated)</i> £
Other operating expenses	13,395,032	7,685,783	504,479	8,190,262
Exceptional operating expenses	1,519,375	–	431,085	431,085
Depreciation and amortisation of goodwill	1,158,855	573,911	17,062	590,973
	<u>16,073,262</u>	<u>8,259,694</u>	<u>952,626</u>	<u>9,212,320</u>

Exceptional operating expenses

	2006 £	2005 £
Charge arising from the revocable appointment on sub-trusts of shares held by the EBT	1,519,375	–
Costs incurred by the Group in the re-organisation of Carrwood Barker Holdings business following the acquisition of Carrwood Barker Holdings Limited	–	431,085
	<u>1,519,375</u>	<u>431,085</u>

5. Net interest receivable

	2006 £	2005 £
Bank interest receivable	215,703	80,605
Finance lease interest	(57,495)	(12,977)
	<u>158,208</u>	<u>67,628</u>

6. Taxation**Analysis of charge in year**

	2006 £	2005 £
Current tax:		
UK corporation tax	–	–
Tax on profit/(loss) on ordinary activities	<u>–</u>	<u>–</u>

Factors affecting tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The difference is explained below:

	2006 £	2005 (restated) £
Loss on ordinary activities before tax	(213,655)	(504,420)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(64,097)	(151,326)
Effects of:		
Expenses not deductible for tax purposes	796,284	105,185
Capital allowances for period in excess of depreciation	32,783	12,578
Other timing differences	–	(9,692)
(Brought forward tax losses utilised)/Unrelieved tax losses carried forward	(764,970)	43,255
Adjustment in respect of prior periods	–	–
Current tax charge for year	–	–

Deferred tax

The deferred tax balances can be analysed as follows:

	2006		2005	
	<i>Provided</i> £	<i>Unprovided</i> £	<i>Provided</i> £	<i>Unprovided</i> £
Difference between accumulated depreciation and capital allowances	–	(86,651)	–	(34,656)
Short term timing differences	–	–	–	(1,096)
Trading losses	–	(2,457,247)	–	(3,243,075)
Deferred tax asset	–	(2,543,898)	–	(3,278,827)

The Board is of the opinion that, given the available losses and the ability to utilise them, it would be inappropriate currently to recognise any deferred tax assets in respect of the losses at this stage. However the Board is keeping this position under review.

7. Loss per ordinary share

The calculation of earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	2006 <i>Losses</i> £	2006 <i>Weighted average number of shares</i>	<i>Per share amount pence</i>	2005 <i>Losses (restated)</i> £	2005 <i>Weighted average number of shares</i>	<i>Per share amount pence (restated)</i>
Basic loss per share						
Losses attributable to ordinary shareholders	(213,655)	67,090,385	(0.32)p	(504,420)	34,635,583	(1.46)p
Dilutive effect						
Options	–	–	–	–	–	–
Diluted loss per share	(213,655)	67,090,385	(0.32)p	(504,420)	34,635,583	(1.46)p

The 2005 weighted average number of shares has been restated to exclude the 8,125,000 share held by the Lighthouse Independent Financial Advisers Limited Remuneration Trust.

There are 2,644,582 options (2005: 2,122,019) which could potentially dilute earnings per share in the future, but were not included within the calculation of diluted loss per share as they were anti-dilutive for the periods presented. In addition, the 8,125,000 (2005: 8,125,000) shares which are held by the Remuneration Trust could potentially dilute earnings per share in the future, but were not included within the calculation of diluted loss per share as they were anti-dilutive for the periods presented.

8. Loss for the financial year

The Company has taken advantage of the exemption allowed under Section 230(1) of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The Group's result for the year includes a loss of £1,519,375 (2005: loss of £4,100,000) which is dealt with in the financial statements of the parent company. The 2006 loss arises from exceptional costs associated with the charge arising from the appointment on revocable sub-trusts of shares held by the EBT. The 2005 losses arose from exceptional costs associated with providing for Group debtors.

9. Share-based payment

(a) There are three share option schemes currently operated by the Group. These are as follows:

- The approved scheme for employees

This plan is open to all employees once they have been in service for a length of time as from time agreed by the Board. The options will vest if the employee remains in service for a period of three years from the date of grant. The exercise price of the option is the prevailing market price at the date of grant. The contractual life of the option is ten years and there are no cash settlement alternatives. There are no performance conditions attached and the options lapse should the employee leave.

- The unapproved scheme for advisers

This plan exists in order to provide incentives to some advisers, notably on acquisitions, and to align adviser expectations to that of shareholders. Grant of options is at the discretion of the Board. The vesting period ranges from immediate to 21 months. The contractual life of the options range from 18 months to 10 years and the options lapse should the adviser cease to be registered through Lighthouse. There are no performance conditions attached.

- The unapproved scheme for employees

The terms for this plan are identical to the approved scheme for employees; the scheme exists for those employees who are granted options in excess of the H M Revenue and Customs limits.

(b) The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	<i>2006</i> <i>Number</i>	<i>2006</i> <i>WAEP</i> <i>(pence)</i>	<i>2005</i> <i>Number</i>	<i>2005</i> <i>WAEP</i> <i>(pence)</i>
Outstanding at 1 January	1,948,751	20.50	2,420,343	16.30
Granted during the year	1,278,836	19.45	155,000	21.24
Forfeited during the year	(217,809)	23.95	(155,913)	14.91
Exercised	(126,747)	1.00	(470,679)	1.00
Expired during the year	(320,362)	18.94	—	—
Outstanding at 31 December	<u>2,562,669</u>	<u>20.84</u>	<u>1,948,751</u>	<u>20.50</u>
Exercisable 31 December	1,179,848	22.10	1,044,907	13.35

Included within the opening balance are options over 1,616,144 (2005: 1,616,144) shares that have not been recognised in accordance with FRS 20 as the options were granted before 7 November 2002. These options have not subsequently been modified and therefore do not need to be accounted for in accordance with FRS 20.

The weighted average share price of the options exercised in the year at the date of exercise is 18.84 pence (2005: 20.38 pence).

For the share options outstanding at 31 December 2006, the weighted average remaining contractual life is 7.79 years (2005: 6.36 years).

The weighted average fair value of options granted during the year was 19.45 pence (2005: 21.24 pence). The range of exercise prices for options outstanding at 31 December 2006 and 2005 was 1 pence – 160 pence.

- (c) During the year, an appointment on revocable sub-trusts of 8,125,000 shares was made from the EBT (the Lighthouse Independent Financial Advisers Limited Remuneration Trust). The charge arising under FRS 20 has been recognised in full in the year based upon the share price as at the date of appointment.
- (d) The total expense recognised for the year arising from equity compensation plans was as follows:

	2006	2005
	£	£
Appointment of shares from Employee Benefit Trust to revocable sub-trusts	1,519,375	–
Fair value of options	36,818	22,265
	<u>1,556,193</u>	<u>22,265</u>

- (e) The fair value of options granted during the year, estimated by using a binomial option pricing model was £0.099 (2005 £0.094).

The fair value of options was estimated on the date of grant, based upon the following weighted average assumptions:

	2006	2005
Share price	19.5p	18.5p
Exercise price	19.6p	19.9p
Expected volatility	30%	30%
Historical volatility	30%	30%
Expected life	8 years	8 years
Risk free interest rate	4.55%	4.55%

The expected volatility used was based upon the historical volatility of the share price over a period equivalent to the expected life of the options prior to the date of the grant.

10. Related party transactions

During the year ended 31 December 2006, the Group made payments of £2,500 (2005: £2,270) to Atlas Trust (Jersey) Limited in respect of their services as trustees of the Lighthouse Independent Financial Advisers Limited Remuneration Trust.

APPENDIX IV

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Sumus Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document, except for the information for which responsibility is taken by the Lighthouse Directors in accordance with paragraph 1.2 below. To the best of the knowledge and belief of the Sumus Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Lighthouse Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this document relating to each member of the Lighthouse Group, the directors of each member of the Lighthouse Group and the members of their immediate families, related trusts and any persons connected with them. To the best of the knowledge and belief of the Lighthouse Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Sumus Directors and their respective functions are as follows:

<i>Name</i>	<i>Position held</i>
Mr. Paul Richard Bradshaw	Non-Executive Chairman
Mr. Allan Rosengren	Group Chief Executive
Mr. Julian Philip Telling	Group Operations Director
Mr. Peter James Smith	Group Finance Director
Mr. Andrew Malcolm Burlton Snowball	Non-Executive Director

The Company's registered office is at Falcon Court, 41-44 Triangle West, Clifton, Bristol BS8 1ER.

- 2.2 The Lighthouse Directors and their respective functions are as follows:

<i>Name</i>	<i>Position held</i>
Mr. David Martin James Hickey	Executive Chairman
Mr. Malcolm John Streatfield	Chief Executive
Ms. Paivi Katrina Grigg	Finance Director
Mr. John Michael Stevenson	Director
Mr. Philip Whitehead	Non-Executive Director
Mr. Richard Last	Non-Executive Director

The business address of each of the Lighthouse Directors is 26 Throgmorton Street, London EC2N 2AN, which is also Lighthouse's registered office.

3. Market Quotations

Set out below are the Closing Prices for Sumus Shares and Lighthouse Shares on:

- the first Business Day of each of the six months immediately prior to the date of this document;
- 10 March 2008 (being the last Business Day before commencement of the Offer Period); and

- (c) 19 March 2008 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Sumus Share price (pence)</i>	<i>Lighthouse Share price (pence)</i>
1 October 2007	47.5	26.50
1 November 2007	46.0	25.75
3 December 2007	45.5	24.25
2 January 2008	46.5	24.50
1 February 2008	45.0	23.25
3 March 2008	42.0	23.00
10 March 2008	42.0	22.50
19 March 2008	42.0	22.75

4. Interests and Dealings

For the purposes of this paragraph 4 and paragraphs 5 to 9 below:

- (A) “acting in concert” has the meaning given to it in the City Code;
- (B) “arrangement” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (C) “associate” of any company has the meaning given to it in the City Code, but includes (without limitation) unless otherwise stated:
- (i) its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
 - (ii) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) the directors (together with their close relatives and related trusts) of the company or any company covered in sub-paragraph (i);
 - (iv) the pension fund of the company or any company covered in sub-paragraph (i);
 - (v) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
 - (vi) an employee benefit trust of the company or any company covered in sub-paragraph (i); and
 - (vii) a company having a material trading arrangement with a company;
- (D) “connected adviser” has the meaning given to it in the City Code;
- (E) “control” means an interest, or interests, in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings give(s) *de facto* control;
- (F) “dealing” has the meaning given to it in the City Code;
- (G) “derivative” has the meaning given to it in the City Code;
- (H) “disclosure period” means the period beginning on 11 March 2007 (being the date 12 months prior to the commencement of the offer period) and ending on 19 March 2008 (being the latest practicable date prior to the publication of this document);
- (I) “exempt fund manager” has the meaning given to it in the City Code;
- (J) “exempt principal trader” has the meaning given to it in the City Code;
- (K) “interest” or “interests” in relevant securities shall have the meaning given to it in the City Code and references to interests of Sumus Directors or interests of Lighthouse Directors in relevant securities shall include all interests of any other person whose interests in shares the Sumus Directors or the Lighthouse Directors, as the case may be, would be required to be disclosed pursuant to Part 22 of the Companies Act 2006;
- (L) “offer period” means the period commencing on 11 March 2008 and ending on 19 March 2008 (being the latest practicable date prior to the publication of this document);
- (M) “relevant Sumus securities” means relevant securities (such term having the meaning given to it in the City Code in relation to an offeree) of Sumus including equity share capital in Sumus (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

- (N) “relevant Lighthouse securities” means relevant securities (such term having the meaning given to it in the City Code in relation to an offeror) of Lighthouse including equity share capital of Lighthouse (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- (O) “relevant securities” means relevant Sumus securities and relevant Lighthouse securities.

5. Interests in relevant Sumus securities

- 5.1 As at the close of business on 19 March 2008 (being the latest practicable date prior to the publication of this document), the Sumus Directors held the following interests (all of which are beneficial unless otherwise stated) in, or rights to subscribe in respect of, relevant Sumus securities:

Interests in issued shares:

<i>Name of Sumus Director</i>	<i>Number of Sumus Shares</i>
Paul Bradshaw	50,000
Allan Rosengren	9,355,000
Julian Telling	6,713,200
Peter Smith	62,500
Andrew Snowball	327,927

In addition to their beneficial interests above, Allan Rosengren and Julian Telling are each interested in 275,000 Sumus Shares through their respective Self Invested Personal Pension Plans.

In addition to their beneficial interests above, Allan Rosengren and Julian Telling, together with Brunel Trustees Limited, also have a discretionary interest in 500,000 Sumus Shares as trustees of the Falcon Retirement Benefits Scheme, a pension scheme of which Allan Rosengren and Julian Telling and their next of kin are the sole beneficiaries, and, accordingly, Allan Rosengren and Julian Telling are each interested in 250,000 Sumus Shares through the Falcon Retirement Benefits Scheme.

In addition to his beneficial interest set out above, Andrew Snowball is interested in a further 20,000 Sumus Shares held by his wife.

Interests under share options and share awards:

None of the Sumus Directors hold any interests in, or rights to subscribe in respect of, relevant Sumus securities under share option schemes or share award plans.

- 5.2 As at the close of business on 19 March 2008 (being the latest practicable date prior to the publication of this document), none of the Lighthouse Directors held any interests in, or rights to subscribe in respect of, relevant Sumus securities.

6. Dealings in relevant Sumus securities

- 6.1 During the offer period, none of the Sumus Directors have engaged in any dealings for value in relevant Sumus securities.
- 6.2 During the disclosure period, none of the Lighthouse Directors has engaged in any dealings for value in relevant Sumus securities.

7. Interests in relevant Lighthouse securities

- 7.1 As at the close of business on 19 March 2008 (being the latest practicable date prior to the publication of this document), the Lighthouse Directors held the following interests in, or rights to subscribe in respect of, relevant Lighthouse securities:

Interests in issued shares:

<i>Name of Lighthouse Director</i>	<i>Number of Lighthouse Shares</i>
David Hickey	378,750
Malcolm Streatfield	70,834
Paivi Grigg	8,333
John Stevenson	1,354,934
Philip Whitehead	44,833
Richard Last	290,000

All Lighthouse Directors also have a discretionary interest in the 8,125,000 Lighthouse Shares held by Atlas Trust Company (Jersey) Limited as trustees of Lighthouse's employee benefit trust, the Lighthouse Independent Financial Advisers Limited Remuneration Trust (the "EBT"). This interest arises as the Lighthouse Directors are included in the EBT's beneficial class. The trustees of the EBT have made appointments from the main fund of the EBT on revocable sub-trusts which identify the following Lighthouse Directors as included within the sub-trust's beneficial class:

<i>Name of Lighthouse Director</i>	<i>Number of Lighthouse Shares</i>
David Hickey	4,834,500
Malcolm Streatfield	2,088,000
Paivi Grigg	600,000
Philip Whitehead	50,000

In addition, Malcolm Streatfield, Paivi Grigg and Philip Whitehead have discretionary interests in Lighthouse Shares held by the trustees of the Valerie Gaze Voluntary Settlement and by the trustees of the Michael Gaze Voluntary Settlement. These interests arise as they are potential beneficiaries of such trusts.

Interests under share options:

<i>Name of Lighthouse Director</i>	<i>Share option scheme</i>	<i>Date granted</i>	<i>Number of Lighthouse Shares</i>	<i>Exercise price</i>	<i>Earliest date exercisable</i>	<i>Latest date exercisable</i>
David Hickey	Unapproved company share option scheme	23 October 2007	1,690,515	24.0p	23 October 2010	22 October 2017
	Approved company share option scheme	23 January 2003	61,538	32.5p	23 January 2007	22 January 2013
	Approved company share option scheme	23 October 2007	41,667	24.0p	23 October 2010	22 October 2017
Malcolm Streatfield	Unapproved company share option scheme	23 January 2003	138,462	32.5p	23 January 2006	22 January 2013
	Unapproved company share option scheme	23 October 2007	1,732,181	24.0p	23 October 2010	22 October 2017
	Approved company share option scheme	23 January 2003	92,307	32.5p	23 January 2007	22 January 2013
Paivi Grigg	Unapproved company share option scheme	23 January 2003	23,078	32.5p	23 January 2006	22 January 2013
	Unapproved company share option scheme	23 October 2007	629,884	24.0p	23 October 2010	22 October 2017
	Approved company share option scheme	23 January 2003	92,307	32.5p	23 January 2007	22 January 2013
John Stevenson	Unapproved company share option scheme	10 July 2006	95,238	21.0p	10 July 2009	9 July 2016
	Unapproved company share option scheme	23 October 2007	629,884	24.0p	23 October 2010	22 October 2017
	Approved company share option scheme	23 October 2007	142,857	24.0p	23 October 2010	22 October 2017

7.2 As at 19 March 2008 (being the latest practicable date prior to the publication of this document), none of the Sumus Directors held any interests in, or rights to subscribe in respect of, relevant Lighthouse securities.

8. Dealings in relevant Lighthouse securities

8.1 During the disclosure period, none of the Lighthouse Directors has engaged in any dealings for value in relevant Lighthouse securities.

8.2 During the offer period, none of the Sumus Directors has engaged in any dealings for value in relevant Lighthouse securities.

9. Interests and Dealings – General

9.1 Save as disclosed in paragraphs 5 to 8 above, as at 19 March 2008 (being the latest practicable date prior to the publication of this document):

- (a) no member of the Lighthouse Group had any interest in, right to subscribe in respect of, or any short position in relation to relevant Sumus securities nor has any member of the Lighthouse Group dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the disclosure period;
- (b) none of the Lighthouse Directors had any interest in, right to subscribe in respect of, or any short position in relation to relevant Sumus securities, or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the disclosure period;
- (c) no person acting in concert with Lighthouse had any interest in, right to subscribe in respect of, or any short position in relation to relevant Sumus securities, or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the disclosure period;
- (d) no person who has an arrangement with Lighthouse or any person acting in concert with Lighthouse had any interest in, right to subscribe in respect of, or any short position in relation to relevant Sumus securities, or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the disclosure period; and
- (e) neither Lighthouse, nor any person acting in concert with Lighthouse, has borrowed or lent any relevant Sumus securities or relevant Lighthouse securities, save for any borrowed shares which have been either on-lent or sold.

9.2 Save as disclosed in paragraphs 5 to 8 above, as at 19 March 2008 (being the latest practicable date prior to the publication of this document):

- (a) no member of the Sumus Group had any interest in, right to subscribe in respect of or any short position in relation to relevant Lighthouse securities nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the offer period;
- (b) none of the Sumus Directors had any interest in, right to subscribe in respect of, or any short position in relation to relevant Sumus securities or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or any relevant Lighthouse securities during the offer period;
- (c) no companies which are associates of Sumus by virtue of sub-paragraph (i) of the definition of “associate” had any interest, right to subscribe in respect of or any short position in relation to relevant Sumus securities or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the offer period;
- (d) no pension funds of Sumus or of any company which is an associate of Sumus by virtue of sub-paragraph (i) of the definition of “associate” had any interest, right to subscribe in respect of or any short position in relation to relevant Sumus securities or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the offer period;
- (e) no employee benefit trusts of Sumus or of any company which is an associate of Sumus by virtue of sub-paragraph (i) of the definition of “associate” had any interest, right to subscribe in respect of or any short position in relation to relevant Sumus securities or relevant Lighthouse securities, nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the offer period;
- (f) no connected advisers (including any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or an exempt fund manager)) to

Sumus or to any company which is an associate of Sumus by virtue of sub-paragraph (i) of the definition of “associate” had any interest, right to subscribe in respect of or any short position in relation to relevant Sumus securities or relevant Lighthouse securities nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the offer period;

- (g) no persons who have an arrangement with Sumus, or with any person who is an associate of Sumus by virtue of sub-paragraphs (i) to (iv) of the definition of “associate”, had any interest, right to subscribe in respect of or any short position in relation to relevant Sumus securities or relevant Lighthouse securities nor has any such person dealt for value in any relevant Sumus securities or relevant Lighthouse securities during the offer period; and
- (h) neither Sumus, nor any person acting in concert with the Sumus Directors has borrowed or lent any relevant Sumus securities or any relevant Lighthouse securities, save for any borrowed shares which have been either on-lent or sold.

9.3 Save as disclosed herein, none of Lighthouse or any person acting in concert with Lighthouse or Sumus or any person who is an associate of Sumus by virtue of sub-paragraphs (i) to (iv) of the definition of “associate” has any arrangement in relation to relevant securities.

9.4 No relevant securities of Lighthouse have been redeemed or purchased by Lighthouse during the offer period.

9.5 No relevant securities of Sumus have been redeemed or purchased by Sumus during the disclosure period.

10. Information on the Lighthouse Shares

Set out below is a brief description of the principal rights of holders of Lighthouse Shares as set out in the Lighthouse Articles.

(a) General Meetings

Annual general meetings shall be held every year at such time within a period of not more than fifteen months after the holding of the last annual general meeting.

Extraordinary general meetings can be called by directors whenever they think fit and can be convened on such requisition as provided by the Acts.

(b) Voting

Subject to disenfranchisement in the event of:

- (i) non-payment of calls or other monies due and payable in respect of Lighthouse Shares; or
- (ii) non-compliance with a statutory notice requiring disclosure as to beneficial ownership of Lighthouse Shares

and without prejudice to any special rights previously conferred and subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provision of the Lighthouse Articles on a show of hands every shareholder who is present in person at a general meeting of Lighthouse shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every Lighthouse Share held.

(c) Dividends

Subject to the Acts, Lighthouse at a general meeting may declare dividends to be paid to shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Lighthouse Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared according to the amounts of paid-up or credited as paid-up on the shares and apportioned and paid *pro rata* according to the amounts paid-up or credited as paid-up on the shares during any portion or portions of the period of which the dividend is paid. The Lighthouse Board may from time to time pay to the shareholders such interim dividends as appear to the Lighthouse Board to be justified by the position of Lighthouse. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to Lighthouse.

(d) ***Distribution on assets on liquidation***

On a winding-up, the liquidator may, with the sanction of an extraordinary resolution of Lighthouse and subject to and in accordance with any other sanction required by law, divide among the shareholders the whole or any part of the assets of Lighthouse.

(e) ***Transferability***

All transfers of Lighthouse Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Lighthouse Board. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid up) by or on behalf of the transferee.

The directors may in their absolute discretion refuse to register any share transfer (not being fully paid up) provided that any such refusal does not prevent dealings in partly paid shares from taking place on an open and proper basis. In addition, the directors may refuse to register a transfer of shares (whether fully paid or not) in favour of more than a single transferee or not more than four joint transferees or made to or by a child, bankrupt or person of unsound mind.

11. Sumus Directors' service agreements, letters of appointment, compromise agreement and letter of resignation

11.1 The executive Sumus Directors have entered into service agreements and letters of appointment with the Company as follows:

(a) ***Service agreement between Mr. Allan Rosengren and the Company***

By an agreement with an effective date of 11 February 2005, Allan Rosengren is employed as the Group Chief Executive of Sumus. Mr. Rosengren's current basic annual salary is £105,000, which basic salary is reviewed annually by the remuneration committee of the Sumus Board and any increase in basic salary is at the discretion of the Sumus Board. Mr. Rosengren is entitled to receive an annual bonus equal to two per cent. of the trading profits for the relevant financial year in excess of £500,000 up to a maximum bonus of £100,000. Other bonus payments may be made to Mr. Rosengren at the discretion of the Sumus Board. The Company also makes an annual contribution to Mr. Rosengren's pension scheme of an amount equal to 30 per cent. of his basic salary.

Mr. Rosengren is entitled to 30 days annual holiday, in addition to bank holidays, and is entitled to his full salary for the first 6 months of absence through sickness or injury in any 12 month period. The service agreement between Mr. Rosengren and the Company is terminable on 12 months notice by either party. The service agreement between Mr. Rosengren and the Company also contains clauses on confidentiality and restrictive covenants, including covenants restricting Mr. Rosengren from competing with the Company or any member of the Sumus Group for 6 months after termination of his employment and from soliciting clients or particular staff for 12 months after termination of his employment.

(b) ***Service agreement between Mr. Julian Telling and the Company***

By an agreement with an effective date of 11 February 2005, Julian Telling is employed as the Group Operations Director of Sumus. Mr. Telling's current basic annual salary is £105,000, which basic salary is reviewed annually by the remuneration committee of the Sumus Board and any increase in basic salary is at the discretion of the Sumus Board. Mr. Telling is entitled to receive an annual bonus equal to two per cent. of the trading profits for the relevant financial year in excess of £500,000 up to a maximum bonus of £100,000. Other bonus payments may be made to Mr. Telling at the discretion of the Sumus Board. The Company also makes an annual contribution to Mr. Telling's pension scheme of an amount equal to 30 per cent. of his basic salary.

Mr. Telling is entitled to 30 days annual holiday, in addition to bank holidays, and is entitled to his full salary for the first 6 months of absence through sickness or injury in any 12 month period. The service agreement between Mr. Telling and the Company is terminable on 12 months notice by either party. The service agreement between Mr. Telling and the Company also contains clauses on confidentiality and restrictive covenants, including covenants restricting Mr. Telling from competing with the Company or any member of the Sumus Group for 6 months after termination of his employment and from soliciting clients or particular staff for 12 months after termination of his employment.

(c) ***Letter of appointment between Mr. Peter Smith, SMS Advisory Limited and the Company***

By an agreement with an effective date of 11 February 2005, Peter Smith is engaged as the Group Finance Director of Sumus. Mr. Smith's services are made available to Sumus by SMS Advisory

Limited. The agreement, which is between Mr. Smith, SMS Advisory Limited and the Company, provides for Mr. Smith's services to be made available to the Company for up to two working days a month on average for a current daily retainer of £550 plus VAT and any additional time is charged at £550 plus VAT a day. Bonus payments may be made to Mr. Smith at the discretion of the Sumus Board. The agreement between Mr. Smith, SMS Advisory Limited and the Company is terminable on 12 months' notice by either SMS Advisory Limited or the Company.

SMS Advisory Limited's liability under the agreement is limited to two years' fees. The agreement also contains an indemnity from the Company in favour of Mr. Smith against liabilities he may incur in the course of his activities, save where such liabilities arise as a result of Mr. Smith's fraud, wilful default, bad faith, misconduct, breach of contract or breach of regulatory provisions.

11.2 The non-executive Sumus Directors provide their services to Sumus pursuant to the following arrangements:

(a) ***Terms of appointment between Mr. Paul Bradshaw, Paul Bradshaw Consulting Limited and the Company***

Paul Bradshaw was appointed as a director and as non-executive Chairman of Sumus on 6 December 2006. Mr. Bradshaw's services are made available to Sumus by his service company, Paul Bradshaw Consulting Limited. There is no written agreement between Mr. Bradshaw, Paul Bradshaw Consulting Limited and the Company.

Mr. Bradshaw is entitled to annual fees of £20,000 and the reimbursement of his proper expenses incurred in the provision of his services to Sumus.

(b) ***Service agreement between Mr. Andrew Snowball and FSAS***

By an agreement with an effective date of 7 September 2006, Andrew Snowball is appointed as an executive director of FSAS, a wholly owned subsidiary of the Company. Mr. Snowball's agreement provides for him to work for such other Sumus Group company as FSAS may from time to time reasonably require and he currently serves as a non-executive director of the Company. Mr. Snowball's current basic annual salary is £70,000, which basic salary is reviewed annually by the board of FSAS and any increase in basic salary is at the discretion of the board of FSAS. The Company also makes an annual contribution to Mr. Snowball's pension scheme of an amount equal to 5 per cent. of his basic salary, with effect from 1 October 2007.

Mr. Snowball is entitled to 25 days annual holiday, in addition to bank holidays, and is entitled to his full salary for the first 8 weeks of absence through sickness or injury in any 12 month period or in any single period which exceeds 12 months in aggregate. The service agreement between Mr. Snowball and FSAS is terminable on 6 months notice by either party. The service agreement between Mr. Snowball and FSAS also contains clauses on confidentiality and restrictive covenants, including covenants restricting Mr. Snowball from competing with certain business of FSAS for 6 months after termination of his employment and from soliciting certain clients and particular staff of FSAS for 12 months after termination of his employment.

11.3 Certain of the Sumus Directors have agreed to resign from Sumus on the following terms:

(a) ***Compromise agreement between Mr. Julian Telling and the Company***

By an agreement dated 10 March 2008, Julian Telling and the Company have entered into a conditional compromise agreement whereby, if the Merger becomes Effective on or before 30 June 2008, Mr. Telling's employment with the Company will cease with effect from the date on which that condition is satisfied. Mr. Telling will also resign as a director of all Sumus Group companies with effect from that date.

On the agreement becoming unconditional, in accordance with his contractual terms, Mr. Telling will be paid £105,000 in lieu of his 12 months' notice and a contractual bonus payment of £75,000, both of which payments are subject to income tax and national insurance deductions, and the Company will pay Mr. Telling's contractual pension benefit of £30,000 directly into his pension scheme. Mr. Telling will remain a member of the Company's permanent health insurance scheme and private medical insurance scheme for a further 12 months following the termination date. By way of compensation for loss of office, Mr. Telling will also receive a sum of £67,000. In accordance with sections 401-406 of the Income Tax (Earnings and Pensions) Act 2005, the first £30,000 of the compensation payment will be made without deduction of income tax and national insurance.

The agreement compromises any statutory and contractual claims that Mr. Telling may have against the Company arising out of the termination of his employment and the cessation of his office as a

director of the Sumus Group companies. Mr. Telling will continue to be bound by the post-termination restrictions, including the confidentiality provisions and restrictive covenants, contained in his service agreement, as described in paragraph 11.1(b) above.

(b) ***Resignation letter between Mr. Paul Bradshaw, Paul Bradshaw Consulting Limited and the Company***

By a letter of resignation dated 10 March 2008, which has been executed by Paul Bradshaw and Paul Bradshaw Consulting Limited as a deed, Mr. Bradshaw has agreed to resign from his office as a director of the Company and each of Paul Bradshaw Consulting Limited and Sumus have agreed to terminate the provision of Mr. Bradshaw's services to the Company, in each case without the payment of any compensation, on the Scheme becoming Effective.

Pursuant to the letter of resignation, each of Mr. Bradshaw and Paul Bradshaw Consulting Limited have agreed to waive any and all claims that they may have against the Company in respect of the termination of Mr. Bradshaw's office as a director of the Company and the termination of the agreement to provide Mr. Bradshaw's services to the Company.

11.4 Save as disclosed in this paragraph 11:

- (a) there are no service agreements in force between any director or proposed director of the Company and the Company or any of its subsidiaries;
- (b) none of the service agreements described above were entered into during the six months preceding the date of this document nor have any amendments been made to any such service agreements during that period;
- (c) the effect of the Scheme on the interests of the Sumus Directors does not differ from its effect on the like interests of any other Holder of Scheme Shares, save in respect of the termination of Julian Telling's service agreement as described in paragraph 11.3(a) above, Paul Bradshaw's resignation as a director and non-executive Chairman as described in paragraph 11.3(b) above, the irrevocable undertakings given by Allan Rosengren not to elect to receive the Partial Cash Alternative (save in respect of the SSAS Shares in relation to which he has undertaken to elect for the Partial Cash Alternative) and by Julian Telling to elect to receive the Partial Cash Alternative (including in respect of the SSAS Shares), respectively, as described in paragraph 14.1(a) below and save as set out in paragraph 11.4(d) below; and
- (d) by an agreement between SMS Advisory Limited, Mr. Peter Smith's service company, and the Company, Mr. Smith is entitled to receive a fee, in addition to the fees payable pursuant to his letter of appointment, in respect of transactional work involving the Company, which fee is payable in the event of the successful completion by the Company of a relevant transaction. Pursuant to this agreement, Mr. Smith will be entitled to receive a fee, to be agreed between SMS Advisory Limited and the Company, which is expected to be in the region of £50,000 to £75,000, upon the Merger becoming Effective. This agreement is not evidenced in writing.

12. Lighthouse Directors' compromise agreements

Certain of the Lighthouse Directors have agreed to resign from Lighthouse on the following terms:

(a) ***Compromise agreement between Mr. John Stevenson and Lighthouse***

By an agreement dated 10 March 2008, John Stevenson and Lighthouse have entered into an unconditional compromise agreement whereby Mr Stevenson's employment with Lighthouse will cease with effect from 3 May 2008. Mr. Stevenson will also resign as a director of all companies within the Lighthouse Group.

In accordance with his contractual terms, Mr. Stevenson will be paid £149,000 in lieu of his 12 months' notice (which shall include Mr. Stevenson's entitlement to a car allowance of £750 per calendar month), subject to income tax and national insurance deductions. Mr. Stevenson will remain a member of Lighthouse's private medical insurance scheme, life assurance scheme, permanent health insurance scheme and critical health insurance scheme for a further 12 months following the termination date. Lighthouse will also pay Mr. Stevenson's contractual pension contributions directly into his pension scheme for a period of 12 months from the date of termination. By way of compensation for loss of office, Mr. Stevenson will also receive a sum of £30,000. In accordance with Sections 401 to 406 of the Income Tax (Earnings & Pensions) Act 2005, this compensation payment will be made without deduction of income tax and national insurance.

The agreement compromises any statutory and contractual claims that Mr. Stevenson may have against Lighthouse arising out of a termination of his employment and the cessation of his office as a director of the Lighthouse Group companies. Mr. Stevenson will continue to be bound by the post termination restrictions, including confidentiality provisions and restrictive covenants, contained in his service agreement.

(b) ***Compromise agreement between Mr. Philip Whitehead and Lighthouse***

By an agreement dated 10 March 2008, Philip Whitehead and Lighthouse have entered into a conditional compromise agreement whereby Mr. Whitehead's employment with Lighthouse will cease with effect from the earlier of the date on which the Scheme becomes Effective and 3 May 2008. Mr. Whitehead will also resign as a director of all companies within the Lighthouse Group with effect from that date.

On the agreement becoming unconditional, Mr. Whitehead will be paid, by way of compensation for loss of office, the sum of £27,000. In accordance with Sections 401 to 406 of the Income Tax Earnings & Pensions) Act 2005, this sum will be made without deduction of income tax and national insurance. All payments and benefits to Mr. Whitehead will cease following the termination date.

The agreement compromises any statutory and contractual claims that Mr. Whitehead may have against Lighthouse arising out of the termination of his employment and the cessation of his office as a director of the Lighthouse Group companies.

13. Material Contracts

13.1 *Sumus Group's material contracts*

The following contracts have been entered into by members of the Sumus Group since 11 March 2006 (being the date two years prior to the commencement of the Offer Period) which are not contracts entered into in the ordinary course of business and are or may be material:

(a) ***Implementation Agreement***

By an agreement dated 10 March 2008, Sumus and Lighthouse have agreed the terms on which they will co-operate with regard to the implementation of the Merger and the Scheme, and each party undertakes to the other to take such steps and provide to the other such assistance as may reasonably be required to implement the Merger and the Scheme and to keep the other informed about the progress of effecting the Merger.

Sumus has undertaken to Lighthouse to implement the Scheme as a scheme involving a reduction of capital under section 135 of the Companies Act 1985, including by making all necessary applications to, and lodge all necessary documents with, the Court, and to post or publish all such documents, announcements and advertisements as are reasonably necessary in connection with the implementation of the Scheme.

Sumus has undertaken to Lighthouse to convene the Scheme Meeting and the Extraordinary General Meeting and Lighthouse has undertaken to Sumus to convene the Lighthouse General Meeting. Each of the parties has further undertaken to the other to use all reasonable endeavours to achieve the satisfaction of the Conditions which remain to be actively achieved as soon as reasonably practicable following publication of this document.

Sumus has also undertaken to Lighthouse to carry on its business in the ordinary course and not to take certain corporate actions until the earlier of the Effective Date or the termination of the agreement.

The agreement will terminate immediately if Sumus and Lighthouse agree in writing, or on notice by one party to the other if the Conditions are not satisfied or waived by the Long Stop Date, if the Special Resolution is not approved by the Sumus Shareholders or if the resolution to approve the issue of the New Lighthouse Shares is not approved by the Lighthouse Shareholders before the Long Stop Date, if the Court declines or refuses to sanction the Scheme before the Long Stop Date or if the Scheme otherwise lapses or is withdrawn. The agreement will also terminate on notice by one party to the other if any of the trigger events pursuant to the Inducement Fee Agreement (described in paragraph 13.1(b) below) occur.

(b) ***Inducement Fee Agreement***

By an agreement dated 10 March 2008, Sumus has agreed to pay Lighthouse a fee of £125,000 (inclusive of any irrecoverable VAT), being an amount equal to approximately one per cent. of the value of Sumus calculated by reference to terms of the Merger as at 10 March 2008, being the latest practicable date prior to the Announcement, on the first to occur of any one of five trigger events.

The trigger events for payment by Sumus are: (i) Sumus committing any material breach of the terms of the Implementation Agreement and the Merger does not occur or become effective within three

months of the date of the Announcement; (ii) the Sumus Directors withdraw or adversely modify their recommendation of the Merger and the Merger does not occur or become effective within three months of the date of the Announcement; (iii) the Sumus Directors approve the announcement of, or recommend, a competing offer for Sumus; (iv) the Sumus Shareholders do not approve the Scheme at the Scheme Meeting or do not pass the Special Resolution to be proposed at the Extraordinary General Meeting within three months of the date of the Announcement; and (v) an offer by or on behalf of a third party, or a scheme of arrangement, in each case to acquire more than 50 per cent. of the issued ordinary shares of the Company, or any other arrangement with a third party which is inconsistent with the Merger, is announced after the date of the Announcement and subsequently such offer, scheme of arrangement or other arrangement is declared unconditional in all respects, becomes effective or is otherwise completed.

By the same agreement, Lighthouse has agreed to pay Sumus a fee of £190,000 (inclusive of irrecoverable VAT), being an amount equal to approximately one per cent. of the value of Lighthouse calculated by reference to the Closing Price of a Lighthouse Share on 10 March 2008, being the latest practicable date prior to the Announcement, on the first to occur of any one of two trigger events.

The trigger events for payment by Lighthouse are (i) Lighthouse committing any material breach of the terms of the Implementation Agreement and the Merger does not occur or become effective within three months of the date of the Announcement; and (ii) the Lighthouse Shareholders failing to pass the Lighthouse Scheme Resolution to be proposed at the Lighthouse General Meeting within three months of the date of the Announcement.

(c) ***Acquisition of Financial Services Advice and Support Limited***

By a share purchase agreement dated 7 September 2006 between the Company and various sellers, including Andrew Snowball, the Company acquired the entire issued share capital of Financial Services Advice and Support Limited (“FSAS”) for a total consideration of £1,922,132, comprised of an initial cash payment (£644,250), initial consideration shares (£214,750), an additional cash payment (£531,566) and additional consideration shares (£531,566). The additional cash payment has now been paid and the additional consideration shares have now been allotted.

The agreement contains customary warranties and indemnities from the sellers for an acquisition of this kind, subject to agreed limitations. The time limit for the Company to bring a claim under the non-tax warranties expired on 7 March 2008 and the time limit for the Company to bring claims under the tax warranties and indemnity will expire on 7 September 2013.

(d) ***Acquisition of Deverill Black & Company Limited***

By a share purchase agreement dated 4 June 2007 between the Company and Iain Kerr Black and Jane Black (the “Sellers”), the Company acquired 50.1 per cent. of the issued share capital of Deverill Black & Company Limited (“DBC”) (comprising the A ordinary shares in DBC), for a total consideration of £750,000, comprised of a cash payment (£525,000) made to both of the Sellers and the allotment of consideration shares (£225,000) to Iain Kerr Black, at completion of the acquisition.

The agreement contains customary warranties and indemnities from the Sellers for an acquisition of this kind, subject to agreed limitations. The time limit for the Company to bring claims under the non-tax warranties will expire on 4 June 2009 and the time limit for the Company to bring claims under the tax warranties and indemnity will expire on 4 June 2014.

The Sellers remain the holders of the 49.9 per cent. of the issued share capital of DBC (comprising the B ordinary shares). The Company agreed in the share purchase agreement not to transact certain business of DBC without the prior written approval of the Sellers whilst they remain shareholders in DBC. The Company also agreed that it would exercise its control over the board of DBC to procure that the board would not transact certain business of DBC without the prior written consent of Iain Kerr Black while he remains a director of DBC.

The articles of association of DBC provide that the holder(s) of the B ordinary shares in DBC (as a class) are entitled to a fixed minimum dividend payment of £80,000 each financial year, subject to DBC having sufficient distributable profits. The fixed dividend entitlement is not cumulative.

The articles of association of DBC further provide that, during the period commencing on 1 October 2012 and ending on 30 September 2017, the holder(s) of the B ordinary shares may issue an offer notice to the holder(s) of the A ordinary shares giving such A ordinary shareholder(s) the option to purchase all the B ordinary shares. The holders of the A ordinary shares have 20 business days in

which to accept such offer and, if such offer is declined, the holder(s) of the B ordinary shares have 20 business days during which it/they may call for the sale of all the A ordinary shares to such holders of B ordinary shares. The offer price in relation to these put and call arrangements is to be determined in accordance with DBC's articles of association.

The articles of association of DBC also provide that, if at any time whilst Iain Black remains a holder of B ordinary shares he ceases for any reason to be employed by DBC and the holder(s) of A ordinary shares did not give its/their written consent to such cessation, the holder(s) of A ordinary shares has/have two years to elect that an offer notice giving such A ordinary shareholder(s) the option to purchase all the B ordinary shares be deemed served on it/them.

13.2 *Lighthouse Group's material contracts*

The following contracts have been entered into by members of the Lighthouse Group since 11 March 2006 (being the date two years prior to the commencement of the Offer Period) which are not contracts entered into in the ordinary course of business and are or may be material:

(a) *Marketing Relationship Agreement*

On 27 March 2007, a marketing relationship agreement was entered into between Liverpool Victoria Friendly Society Limited ("LVFS") (1) Liverpool Victoria Financial Advice Services Limited ("LVFAS") (2) Lighthouse (3) and LighthouseXpress Limited ("Xpress") (4). Under the agreement, it was agreed, on the terms and conditions set out in the agreement, that LVFS together with LVFAS (together "LV") shall introduce certain customers on an exclusive basis to Xpress for Xpress to provide (and that Xpress would provide) certain advisory services in the United Kingdom, to such certain customers, being any member or customer of any of certain identified affinity organisations, clubs or societies ("Affinity Organisations") and any of those persons who have purchased any of certain identified IFA products ("IFA Products") through LVFAS as at the date of the agreement or otherwise have agreed to the terms of business of LVFAS.

The consideration for the rights granted to Lighthouse together with Xpress (together "LG") under the agreement (in particular the assignment to Lighthouse of the right to receive the trail commission as referred to below) was the allotment and issue by Lighthouse to LVFAS of 4,172,672 Lighthouse Shares ("Consideration Shares") which took effect on 2 April 2007. In addition, LVFAS agreed to subscribe for 4,181,034 Lighthouse Shares at a subscription price of £0.25 per Lighthouse Share which also took effect on 2 April 2007. As consideration for the allotment and issue of the Consideration Shares, LVFAS assigned to Lighthouse absolutely the benefit of the right to receive certain trail commission payments payable by the providers of the IFA Products to LVFAS in respect of certain existing customers together with all rights of LVFAS to obtain and enforce payment thereof.

In addition, during the continuance of the agreement, LG has agreed to pay to LV (i) payments in respect of each IFA Product sold pursuant to the agreement; (ii) payments to be made by LV to the Affinity Organisations pursuant to certain agreements with them; and (iii) charges for production and distribution of certain IFA general promotional material, in each case on the terms set out in the agreement. The agreement contains certain warranties, indemnities and undertakings given by LG to LV and by LV to LG.

The agreement is terminable in certain circumstances, including a right for LV to terminate the agreement if there is a change of control by which a person or persons acting in concert (as defined by the City Code) acquires more than 50 per cent. of the issued voting share capital of Lighthouse.

(b) *Loan Note Instrument*

On 10 March 2008, a deed (the "Deed") was entered into by LighthouseWealth Limited and Lighthouse relating to the issue by LighthouseWealth Limited of up to £4,500,000 Floating Rate Guaranteed Loan Notes 2012 (the "Loan Notes"). The Deed constitutes the Loan Notes which carry interest at the annual percentage rate of the London Interbank Offered Rate plus 1 per cent. and are to be redeemed by five equal half yearly instalments commencing 31 May 2010. The Loan Notes become repayable on the occurrence of certain events of default. Under the terms of the Deed, payment of interest on and redemption of the principal amount of the Loan Notes is unconditionally guaranteed by Lighthouse. Payments in respect of the Loan Notes are subordinated to and rank after any obligations of members of the Lighthouse Group in respect of regulatory capital requirements imposed by the FSA.

(c) ***Loan Note Subscription Agreement***

On 10 March 2008, a note subscription agreement was entered into between LighthouseWealth Limited (1), Lighthouse (2) and LVFS (3) pursuant to which LVFS agreed to subscribe for up to £4,500,000 of Loan Notes. The subscription monies are made available to the Lighthouse Group for the purpose of assisting with the purchase of the Sumus Shares or for such other acquisitions as LVFS may approve in the event that the Scheme does not become Effective. LighthouseWealth Limited has agreed to pay LVFS a fee of £37,750.00 under the terms of the Note Subscription Agreement. LVFS has taken an assignment of a specific bank account of Lighthouse by way of security for Lighthouse's obligations under the guarantee referred to in paragraph 13.2(b) above. This is the bank account into which the trail commission referred to in paragraph 13.2(a) above is paid.

(d) ***Intra Group Loan Agreement***

On 10 March 2008, a loan agreement (the "Loan Agreement") was entered into between Lighthouse as Borrower (1) and LighthouseWealth Limited as Lender (2) pursuant to which LighthouseWealth Limited agrees to lend up to £4,500,000 to Lighthouse. Advances under the Loan Agreement carry interest at the same rate as that payable on the Loan Notes. Advances under the Loan Agreement are repayable on demand. The Loan Agreement has been entered into to enable the subscription monies for the Loan Notes to be made available to Lighthouse so that it has funds available to it to satisfy the Partial Cash Alternative in connection with the acquisition of the Sumus Shares.

(e) ***Implementation Agreement***

Lighthouse has entered into the Implementation Agreement, details of which are set out at paragraph 13.1(a) above.

(f) ***Inducement Fee Agreement***

Lighthouse has also entered into the Inducement Fee Agreement, details of which are set out at paragraph 13.1(b) above.

(g) ***Deed of Agreement***

On 12 March 2008, a deed of agreement was entered into between LVFS (1) LVFAS (2) Lighthouse (3) and Xpress (4). Under this agreement, it was agreed that Lighthouse together with Xpress shall ensure that any commission they receive which is payable by any provider of certain IFA products (as identified in the marketing relationship agreement referred to in paragraph 13.2 (a) above) shall be paid into and held in a specific bank account of which LVFS has taken an assignment (as referred to in paragraph 13.2(c) above) until such time as the loan notes issued by Lighthouse pursuant to the loan note instrument referred to in paragraph 13.2 (b) above shall have been redeemed in full.

14. Irrevocable undertakings

14.1 *Sumus Director and Sumus Shareholder irrevocable undertakings*

The Sumus Directors and certain persons connected with them and certain other Sumus Shareholders have entered into the following irrevocable undertakings:

(a) ***Sumus Director and connected person irrevocable undertakings***

The Sumus Directors and certain persons connected with them have given irrevocable undertakings to Lighthouse and Daniel Stewart to vote (or procure the vote of) the following Sumus Shares in favour of the Scheme at the Scheme Meeting and in favour of the Special Resolution at the Extraordinary General Meeting:

<i>Name of Sumus Director</i>	<i>Number of Sumus Shares</i>	<i>Percentage of issued share capital of Sumus</i>
Allan Rosengren	9,880,000	33.06
Julian Telling	7,238,200	24.22
Paul Bradshaw	50,000	0.17
Peter Smith	62,500	0.21
Andrew Snowball	327,927	1.10
Clarinda Snowball	20,000	0.07
	Total: 17,578,627	Total: 58.83

The Sumus Directors have also undertaken to Lighthouse, *inter alia*, to recommend Sumus Shareholders to vote their Sumus Shares in favour of the Scheme and the Special Resolution, to take all reasonable steps to procure that Sumus complies with its obligations under the Implementation Agreement and the Inducement Fee Agreement, and to procure, so far as they are able, that Sumus does not take certain corporate actions without Lighthouse's prior written consent until the Scheme becomes Effective or otherwise lapses or is withdrawn, in each case to the extent not inconsistent with their fiduciary duties as directors of the Company.

Pursuant to his irrevocable undertaking, Allan Rosengren has undertaken not to elect to receive the Partial Cash Alternative in respect of any of his Sumus Shares, save in respect of the SSAS Shares, and he has undertaken to elect to receive the Partial Cash Alternative in respect of the SSAS Shares.

Pursuant to his irrevocable undertaking, Julian Telling has undertaken to elect to receive the Partial Cash Alternative in respect of all of his Sumus Shares, including in respect of the SSAS Shares.

Each of these irrevocable undertakings remains binding even if a higher competing offer is made for Sumus.

(b) ***Sumus Shareholder irrevocable undertakings***

The following Sumus Shareholders have given irrevocable undertakings to Lighthouse and Daniel Stewart to vote (or procure the vote of) the following Sumus Shares in favour of the Scheme at the Scheme Meeting and in favour of the Special Resolution at the Extraordinary General Meeting:

<i>Name of Sumus Shareholder*</i>	<i>Number of Sumus Shares</i>	<i>Percentage of issued share capital of Sumus</i>
Martin Telling	1,012,500	3.39
Stephen Hancy	811,000	2.71
Iain Black	518,778	1.74
Alan Pinkerton	407,927	1.36
Alistair MacKay	337,176	1.13
Linda MacKay	70,751	0.24
	Total: 3,158,132	Total: 10.57

Each of these irrevocable undertakings will also remain binding even if a higher competing offer is made for Sumus.

* name of beneficial Sumus Shareholder giving the relevant undertaking.

14.2 ***Lighthouse Director and Lighthouse Shareholder irrevocable undertakings***

(a) ***Lighthouse Director irrevocable undertakings***

The Lighthouse Directors have given irrevocable undertakings to Sumus and Arbutnot Securities to vote (or procure or use reasonable endeavours to procure the vote of) the following Lighthouse Shares in favour of the Lighthouse Resolutions to be proposed at the Lighthouse General Meeting:

<i>Name of Lighthouse Director</i>	<i>Number of Lighthouse Shares</i>	<i>Percentage of issued share capital of Lighthouse</i>
David Hickey*	378,750	0.45
Malcolm Streatfield	70,834	0.08
Paivi Grigg	8,333	0.01
John Stevenson	1,354,934	1.62
Philip Whitehead	44,833	0.05
Richard Last	290,000	0.35
	Total: 2,147,684	Total: 2.56

* undertaking to use reasonable endeavours to procure the vote in favour of the Lighthouse Resolutions.

(b) ***Lighthouse Shareholder irrevocable undertakings***

The following Lighthouse Shareholders have given irrevocable undertakings to Sumus and Arbuthnot Securities to vote (or procure the vote of) the following Lighthouse Shares in favour of the Lighthouse Resolutions to be proposed at the Lighthouse General Meeting:

<i>Name of Lighthouse Shareholder</i>	<i>Number of Lighthouse Shares</i>	<i>Percentage of issued share capital of Lighthouse</i>
Liverpool Victoria Financial Advice Services Limited	8,353,706	9.98
Nautilus Trustees Limited (as trustees of the Lighthouse Independent Financial Advisers Limited Remuneration Trust)	8,125,000	9.70
Friends Provident Life and Pensions Limited	7,497,466	8.96
Arthur Lancaster and Boston Trust Company Limited	6,470,588	7.73
Norwich Union Life Investment Partnership (acting by its managing partner Norwich Union Life & Pensions Limited)	3,333,334	3.98
Skandia Life Assurance (Holdings) Limited	3,333,334	3.98
AEGON UK plc	3,257,222	3.89
	Total: 40,370,650	Total: 48.22

15. Other information

- 15.1 So far as Sumus is aware, no persons are acting in concert, for the purposes of the City Code, with Sumus.
- 15.2 So far as Lighthouse is aware, no persons are acting in concert, for the purposes of the City Code, with Lighthouse.
- 15.3 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Lighthouse or any party acting in concert with Lighthouse for the purposes of the Merger or the Scheme, and any of the Sumus Directors, or recent directors of the Company, Sumus Shareholders or recent shareholders of the Company or any person interested or recently interested in shares of the Company having any connection with or dependence upon or which is conditional upon the Merger or the Scheme.
- 15.4 No agreement, arrangement or understanding exists whereby the beneficial ownership of any of the New Sumus Shares to be acquired by Lighthouse in pursuance of the Merger and the Scheme will be transferred to any other person, save that Lighthouse reserves the right to transfer any such New Sumus Shares to any of its subsidiaries.
- 15.5 Save as disclosed in this document, no persons have given any irrevocable or other commitments to vote in favour of the Scheme or the resolutions to be proposed at the Scheme Meeting, the Extraordinary General Meeting or the Lighthouse General Meeting.
- 15.6 Save as disclosed in this document, the emoluments of the Lighthouse Directors will not be affected by the Merger or the Scheme or by any other associated transaction.
- 15.7 Arbuthnot Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its advice and to its name in the form and context in which they appear.
- 15.8 Daniel Stewart has given and has not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they appear.
- 15.9 Settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without any regard to any lien or right of set-off, counter claim or other analogous right to which Lighthouse may otherwise be, or claim to be, entitled against such Scheme Shareholder.
- 15.10 The New Lighthouse Shares will not be made available generally and will not be deemed to be offered to the public in the United Kingdom.

- 15.11 There has been no known material change in the financial or trading position of Sumus since 30 September 2007, the date to which its latest published audited accounts were prepared.
- 15.12 There has been no known material change in the financial or trading position of Lighthouse since 31 December 2007, the date to which its latest audited preliminary results were published.
- 15.13 Save as disclosed in this document, the Sumus Directors are not aware of any material change in relation to any material information previously published by or on behalf of Sumus during the Offer Period.
- 15.14 Lighthouse's trade facility, which is described in paragraphs 13.2(b), (c) and (d) of Appendix IV to this document, does not depend to any significant extent on the business of Sumus.
- 15.15 So far as the Sumus Directors are aware, there is no material litigation or analogous proceedings in which Sumus or any of its subsidiaries are involved or engaged as at 19 March 2008, being the latest practicable date prior to the publication of this document.
- 15.16 So far as the Lighthouse Directors are aware, there is no material litigation or analogous proceedings in which Lighthouse or any of its subsidiaries are involved or engaged as at 19 March 2008, being the latest practicable date prior to the publication of this document.

16. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the offices of Burges Salmon LLP at Chancery Exchange, 10 Furnival Street, London EC4A 1AB from the publication of this document up to and including the Effective Date or the date that the Scheme lapses or is withdrawn, whichever is the earlier:

- 16.1 the memorandum and articles of association of Sumus;
- 16.2 the memorandum and articles of association of Lighthouse;
- 16.3 the audited consolidated accounts of Sumus for the two years ended 30 September 2006 and 30 September 2007;
- 16.4 the audited consolidated accounts of Lighthouse for the two years ended 31 December 2005 and 31 December 2006 and the preliminary results for the year ended 31 December 2007;
- 16.5 the service agreements and letters of appointment referred to in paragraphs 11.1 and 11.2 above;
- 16.6 the material contracts referred to in paragraphs 13.1 and 13.2 above (of which certain provisions in the contract summarised in paragraph 13.2(a) have been struck out for reasons of confidentiality);
- 16.7 the irrevocable undertakings referred to in paragraphs 14.1 and 14.2 above;
- 16.8 the letters of consent referred to in paragraphs 15.7 and 15.8 above;
- 16.9 this document, the Forms of Proxy and the Form of Election.

In accordance with the AIM Rules, a copy of this document is also available on Sumus' website, www.sumus.co.uk.

APPENDIX V

NOTES ON COMPLETING THE FORM OF ELECTION

You should note that if you hold Scheme Shares and you wish to make a Cash Election under the Partial Cash Alternative you must complete and sign the GREEN Form of Election in accordance with the instructions printed thereon and return it by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or, during normal business hours, by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, as soon as possible but, in any event, so as to be received by no later than 1.00 p.m. on 29 April 2008 (or such later time (if any) to which the right to make a Cash Election may be extended), whether delivered by post or by hand. A reply-paid envelope, for use in the UK only, is enclosed for your convenience. The instructions printed on, or deemed incorporated in, the Form of Election will be deemed to form part of the terms of the Scheme. In addition, if you hold Scheme Shares in uncertificated form (i.e. in CREST) you must take the action set out in paragraph 3.2 on page 7 of this document.

The availability of the New Lighthouse Shares to Overseas Shareholders may be affected by the laws of jurisdictions other than the United Kingdom. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If the issue of New Lighthouse Shares to any Scheme Shareholder would infringe the laws of any jurisdiction outside the United Kingdom or necessitate compliance with any registration or other special requirement, the Scheme provides that such New Lighthouse Shares will not be issued to the relevant Scheme Shareholder.

Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

Holders of Scheme Shares in certificated form must send their original share certificates(s) in respect of their Scheme Shares with their Form of Election or otherwise as directed by the Form of Election. Sumus Shareholders who hold Scheme Shares in both certificated and uncertificated form and who wish to make a Cash Election under the Partial Cash Alternative in respect of both such holdings must complete a separate Form of Election for each holding. Similarly, Sumus Shareholders should complete a separate Form of Election for Scheme Shares held under different member account references within CREST and for Scheme Shares held in certificated form but under different designations, if they wish to make a Cash Election under the Partial Cash Alternative in respect of such Scheme Shares. Holders of Scheme Shares in uncertificated form (i.e. in CREST) who hold such shares under different member accounts IDs, must send a separate TTE Instruction in respect of each member account ID. Please refer to paragraph 3.2 on page 7 of this document.

Please telephone Computershare Investor Services PLC on 0870 707 1325 (or if calling from outside the United Kingdom on +44 870 707 1325) between 8.30 a.m. and 5.00 p.m. on any Business Day if you need further copies of the Form of Election. Please note that calls to this number may be monitored or recorded and no advice on the merits of the Scheme or the Merger nor any legal, financial or tax advice can be given.

The cash consideration due to a Scheme Shareholder under the Scheme is determined by reference to the number of Scheme Shares in respect of which a Cash Election under the Partial Cash Alternative can be made by a Scheme Shareholder, which is such whole number of Scheme Shares as represents 50 per cent. of that Scheme Shareholder's total holding of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time. Cash Elections under the Partial Cash Alternative will only be accepted in respect of such whole number of Scheme Shares as represents 50 per cent. of a Scheme Shareholder's total holding of Scheme Shares immediately prior to the Reorganisation Record Time, rounded down to the nearest whole number of Scheme Shares,

provided that no Scheme Shareholder will be entitled to receive a fraction of a penny under the Partial Cash Alternative. The remainder of the consideration due to a Scheme Shareholder under the Scheme will be comprised of New Lighthouse Shares, provided that no Scheme Shareholder will be entitled to be allotted a fraction of a New Lighthouse Share under the terms of the Basic Consideration.

The Partial Cash Alternative will not affect the entitlements of those Sumus Shareholders who do not make Cash Elections under the Partial Cash Alternative, each of whom will receive New Lighthouse Shares in accordance with the terms of the Basic Consideration.

A Sumus Shareholder's entitlement to receive the Partial Cash Alternative will not depend on Cash Elections made by other Sumus Shareholders under the Partial Cash Alternative.

You should be aware that, if you buy or sell Scheme Shares after having made a Cash Election under the Partial Cash Alternative, then the number of Scheme Shares to which your Cash Election applies will be affected. If you make a valid Cash Election by completing and returning the Form of Election in accordance with the instructions printed thereon and, prior to the Reorganisation Record Time, you acquire additional Scheme Shares or you sell or otherwise transfer some of your Scheme Shares, then your Cash Election will be treated as applying to such whole number of Scheme Shares as represents 50 per cent. of your total holding of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time, notwithstanding that such number of Scheme Shares may be greater or less than the whole number of Scheme Shares which represented 50 per cent. of your total holding of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, at the time you submitted your Form of Election.

No Cash Election under the Partial Cash Alternative will be valid unless a GREEN Form of Election has been completed in all respects and is duly received by 1.00 p.m. on 29 April 2008 or such later time (if any) to which the right to make a Cash Election may be extended, and unless the other instructions in respect of Scheme Shares held in certificated and uncertificated form have been duly taken by that time.

If any Form of Election in respect of the Partial Cash Alternative is either received after 1.00 p.m. on 29 April 2008, or such later time (if any) to which the right to make a Cash Election may be extended, or is received on or before such time and date but is not valid or complete in all respects at such time and date, such Cash Election shall, for all purposes, be void and the Scheme Shareholder purporting to make such Cash Election shall not, for any purpose, be entitled to receive any cash consideration under the Partial Cash Alternative and the relevant Scheme Shareholder will only be entitled to receive the basic consideration comprising New Lighthouse Shares due under the Scheme upon the Scheme becoming Effective.

Without prejudice to any other provision of this Appendix V or the Form of Election or otherwise, Sumus and Lighthouse reserve the right in their absolute discretion to treat as valid any Cash Election under the Partial Cash Alternative which is not entirely in order.

You should also note that if you have made a valid Cash Election under the Partial Cash Alternative and you subsequently wish to withdraw that Cash Election, you must, in order for such withdrawal to be valid, deliver written notice of such withdrawal by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or, during normal business hours only, by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, which notice must be signed by or on behalf of (all) the Scheme Shareholder(s) who made the relevant Cash Election and must clearly evidence the intention of (all) such Scheme Shareholder(s) to withdraw the relevant Cash Election, as soon as possible after making the Cash Election but, in any event, so as to be received by no later than 1.00 p.m. on 29 April 2008 (or such later time (if any) to which the right to withdraw a Cash Election may be extended). In addition, if you hold Scheme Shares in certificated form, any original share certificate(s) delivered shall be returned to you. In addition, if you hold Scheme Shares in uncertificated form (i.e. in CREST), you must take the action set out in paragraph 3.3 on pages 7 to 8 of this document.

If valid notice of the withdrawal of a Cash Election is received by Computershare Investor Services PLC by 1.00 p.m. on 29 April 2008 (or such later time (if any) to which the right to withdraw a Cash Election may be extended), you will be deemed to have withdrawn your Cash Election for the Partial Cash Alternative and you will receive the Basic Consideration in respect of your total holding of Scheme Shares at the Reorganisation Record Time. If notice of the withdrawal of a valid Cash Election

is not received by Computershare Investor Services PLC by 1.00 p.m. on 29 April 2008 (or such later time (if any) to which the right to withdraw a Cash Election may be extended), or the notice of withdrawal is not valid in any other respect, your Cash Election shall remain valid and binding and you shall be deemed to have made a Cash Election for the Partial Cash Alternative in respect of such number of your Scheme Shares as represents 50 per cent. of your total holding of Scheme Shares, rounded down to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time.

Without prejudice to any other provision of this Appendix V or the Form of Election or otherwise, Sumus and Lighthouse reserve the right in their absolute discretion to treat as valid any withdrawal of a Cash Election under the Partial Cash Alternative which is not entirely in order.

No acknowledgements of receipt of any Form of Election or any written notice of withdrawal of a Cash Election or other documents will be given. All communications, notices, other documents and remittances to be delivered by or to or sent to or from Scheme Shareholders (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such Scheme Shareholders (or their designated agents(s)) at their own risk.

Sumus and Lighthouse and/or their respective agents reserve the right to notify any matter to all or any Scheme Shareholders with (i) registered addresses outside the UK or (ii) whom Sumus, Lighthouse and/or their respective agents know to be nominees, trustees or custodians for such Scheme Shareholders by announcement in the UK or paid advertisement in any daily newspaper published and circulated in the UK or any part thereof, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Scheme Shareholders to receive or see such notice. All references in this document to notice in writing, or the provision of information in writing, by or on behalf of Sumus, Lighthouse and/or their respective agents shall be construed accordingly.

The Form of Election, all Cash Elections thereunder or pursuant thereto, all withdrawals of Cash Elections thereunder or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of a Scheme Shareholder of a Form of Election will constitute his submission, in relation to all matters arising out of or in connection with the Scheme and the Form of Election, to the jurisdiction of the English courts and his agreement that nothing shall limit the rights of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme and the Form of Election in any other manner permitted by law or in any court of competent jurisdiction.

If the Scheme does not become Effective in accordance with its terms, any Cash Election made shall automatically and immediately cease to be valid.

Neither Sumus, Lighthouse nor any of their respective advisers or any person acting on their behalf shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of Cash Elections under the Scheme on any of the bases set out in this Appendix VII or otherwise in connection therewith.

Helpline

If you have any questions relating to this document or the completion and return of the Form of Election or you are in any doubt about how to make a Cash Election or how to withdraw a Cash Election, please call Computershare Investor Services PLC on 0870 707 1325 (or if calling from outside the United Kingdom on +44 870 707 1325) between 8.30 a.m. and 5.00 p.m. on any Business Day. Please note that calls to this number may be monitored or recorded and that Computershare Investor Services PLC cannot provide advice on the merits of the Scheme or the Merger or give any legal, financial or tax advice.

APPENDIX VI

UNITED KINGDOM TAXATION

The paragraphs set out below summarise certain UK capital gains tax consequences for Sumus Shareholders of the implementation of the Scheme, based on current UK legislation and on what is understood to be current HMRC practice as at the date of this Scheme. They are intended as a general guide and (except where express reference is made to the position of non-UK resident shareholders) apply only to Sumus Shareholders who are resident or, if individuals, ordinarily resident in the UK for tax purposes. They relate only to Sumus Shareholders who hold their Sumus Shares and will hold any New Lighthouse Shares that they receive directly as an investment (other than under a personal equity plan or an individual savings account) and who are absolute beneficial owners of those Sumus Shares and New Lighthouse Shares or to any person connected with Sumus. They do not relate to any Sumus Shareholders who may be subject to income tax in relation to the Scheme Shares as a consequence of being employees of Sumus or having been employees during the last seven years. These paragraphs also do not deal with certain types of Sumus Shareholders, such as persons holding or acquiring or being deemed to acquire or hold Sumus Shares in the course of a trade, or collective investment schemes and insurance companies.

Sumus Shareholders are advised to consult an appropriate independent professional adviser immediately.

1. UK tax consequences of the Scheme

Sumus Shares issued under the Enterprise Investment Scheme (“EIS”)

Sumus Shareholders may have been eligible for income tax relief and may as a consequence be eligible to capital gains tax exemption on some of their Sumus Shares and may have claimed EIS deferral relief. The paragraphs below may not therefore apply to such Sumus Shareholders and so they are particularly advised to consult an independent professional adviser in relation to their specific circumstances.

Share capital reorganisation of Sumus

The reclassification of the share capital of Sumus, whereby the Ordinary Shares will be reclassified into A Shares and B Shares, should be regarded as a reorganisation of Sumus’ share capital. Accordingly, Sumus Shareholders who are resident or ordinarily resident in the UK should not be treated as having disposed of their Sumus Shares and no liability to UK tax on chargeable gains should arise in respect of this reclassification. The A Shares and the B Shares should be treated as the same asset as the Ordinary Shares, acquired at the same time and for the same consideration as the Ordinary Shares were acquired.

Cancellation of Sumus Shares and receipt of consideration

A Sumus Shareholder’s liability to UK tax will depend on their individual circumstances and on the form of consideration received.

(i) *Receipt of New Lighthouse Shares*

A Sumus Shareholder who receives New Lighthouse Shares in consideration for the cancellation of such number of his Sumus Shares as represents 100 per cent. of his Sumus Shares or 50 per cent. of his total holding of Sumus Shares (rounded up to the nearest whole number) at the Reorganisation Record Time, to the extent he does not after the Reorganisation Record Time hold (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of Sumus, should not be treated as having made a disposal of his Sumus Shares in respect of which the New Lighthouse Shares were received. Instead, the New Lighthouse Shares should be treated as the same asset as the Sumus Shares in respect of which the New Lighthouse Shares were received acquired at the same time and for the same consideration as the Sumus Shares in respect of which the New Lighthouse Shares were received.

A Sumus Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of Sumus is advised that an application for clearance has been made to HMRC under section 138 of the Taxation of

Chargeable Gains Act 1992 in respect of the Scheme. If such clearance is given, any such Sumus Shareholder should be treated in the manner described in the preceding paragraph. The Scheme is not conditional on such clearance being obtained.

(ii) *Receipt of cash consideration*

A Sumus Shareholder who receives cash in consideration for the cancellation of such number of his Sumus Shares as represents 50 per cent. of his total holding of Sumus Shares (rounded down to the nearest whole number of shares), should be treated as making a part disposal of his Sumus Shares in respect of which the cash was received which may, depending on the Sumus Shareholder's individual circumstances (including the availability of exemptions or allowable losses), give rise to a liability to UK tax on chargeable gains.

Any chargeable gain or allowable loss arising on a part disposal of a holding of Sumus Shares should be calculated by apportioning the allowable expenditure relating to the holding of Sumus Shares between the New Lighthouse Shares and the cash received under the Scheme, by reference to the market value of the New Lighthouse Shares and the value of the cash at the date of the disposal. A Sumus Shareholder's liability to tax will depend on his individual circumstances (including the availability of exemptions and allowable losses). Please see the paragraph 2 entitled "UK tax consequences of holding New Lighthouse Shares" below for further details.

As announced in this year's Pre-Budget Report, new proposals, which are due to take effect from 6 April 2008, mean that UK tax on chargeable gains will apply to all gains on disposal arising on or after that date at the flat rate of 18 per cent. (for the 2008/2009 tax year), including where the shares or assets disposed of after 5 April 2008 were acquired prior to that date, and both indexation allowance and taper relief will be abolished in respect of gains arising on the disposal by individuals of shares or other assets after 5 April 2008. However, a new relief known as "entrepreneurs relief" will be introduced from 6 April 2008 to provide for an effective 10 per cent. rate for tax on chargeable gains up to the first £1 million of lifetime chargeable gains, although such relief will only apply where certain specific requirements are met. Such requirements include the shareholder being an individual who throughout the 12 months prior to sale was an employee or officer of the company concerned and in that time owned at least 5 per cent. of the shares in the company concerned and, by virtue of that holding, was able to exercise at least 5 per cent. of the voting rights in the company concerned. Draft legislation relating to this new relief was published in February 2008 but is open to change until the final legislation is enacted. These proposals may affect any individual Sumus Shareholder receiving cash under the Scheme.

(iii) *Miscellaneous*

An application has been made to HMRC for confirmation, pursuant to section 707 of the Income and Corporation Taxes Act 1988 and section 701 of the Income Tax Act 2007, that the anti-avoidance provisions of section 703 of the Income and Corporation Taxes Act 1988 and section 684 of the Income Tax Act 2007, relating to certain transactions in securities, will not apply to the transactions contemplated by the Scheme.

Stamp duty and stamp duty reserve tax ("SDRT")

No liability to stamp duty will arise and no SDRT should be payable by Sumus Shareholders in respect of the cancellation of the Sumus Shares, the issue of the New Lighthouse Shares by Lighthouse to Sumus Shareholders or the issue of the New Sumus Shares by Sumus to Lighthouse pursuant to the Scheme. Special rules apply in relation to the issue of shares into depositary receipt systems or clearing systems.

2. UK tax consequences of holding New Lighthouse Shares

Disposals of New Lighthouse Shares

A subsequent disposal or deemed disposal of New Lighthouse Shares by a shareholder may, depending on his individual circumstances (including the availability of exemptions and allowable losses), give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

On the basis that the tax treatment set out in paragraph 1 above entitled “Receipt of New Lighthouse Shares” applies, any chargeable gain or allowable loss on a disposal of New Lighthouse Shares should be calculated taking into account the allowable original cost to Sumus Shareholders of acquiring those Sumus Shares in respect of which the New Lighthouse Shares were received.

The new proposals relating to UK tax on chargeable gains, outlined in paragraph 1 above, will also affect any individual Sumus Shareholders receiving New Lighthouse Shares to the extent that they later dispose of those shares.

Taxation of dividends

Lighthouse is not required to withhold at source any amount in respect of UK tax from dividend payments it makes to its shareholders.

A shareholder who is an individual, who is resident for tax purposes in the UK, and who receives a dividend from Lighthouse on his New Lighthouse Shares, will be entitled to a tax credit equal to one-ninth of the dividend. The individual will be taxable on the total amount of the dividend and the related tax credit (the “gross dividend”), which will be regarded as the top slice of the individual’s income. Where the shareholder is liable to income tax at the starting or basic rate, the tax credit will be treated as discharging in full the individual’s liability to income tax in respect of the gross dividend. Where the shareholder is liable to income tax at the higher rate, then to that extent the tax credit will be set against but not fully match the shareholder’s tax liability in respect of the gross dividend, that shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (or 25 per cent. of the cash dividend received). So, for example, a dividend of £80 will carry a tax credit of £8.89 and the net income tax payable on the dividend by an individual liable to income tax at the higher rate would be £20.

A shareholder which is a company resident for tax purposes in the UK will not generally be taxable on any dividend it receives from Lighthouse on its New Lighthouse Shares.

A shareholder who is not liable to tax on dividends received from Lighthouse on his New Lighthouse Shares will not be entitled to claim payment of the tax credit in respect of those dividends.

The entitlement of a shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from Lighthouse on his New Lighthouse Shares and to claim payment of any part of that tax credit will depend on the existence and terms of any double taxation convention between the United Kingdom and the country in which that shareholder is resident.

Stamp duty and stamp duty reserve tax (“SDRT”)

Any dealings in New Lighthouse Shares will be subject to stamp duty or SDRT in the normal way. Special rules apply where shares are transferred to depositary receipt issuers or clearance services or their nominees or agents.

APPENDIX VII

SOURCES AND BASES

1. Unless otherwise stated:
 - (a) financial information relating to Sumus has been extracted or provided without material adjustment from the audited annual report and accounts for Sumus for the three years ended 30 September 2005, 30 September 2006 and 30 September 2007; and
 - (b) financial information relating to Lighthouse has been extracted or provided without material adjustment from the audited annual report and accounts for Lighthouse for the two years ended 31 December 2005 and 31 December 2006 and from the audited preliminary results of Lighthouse for the year ended 31 December 2007 which were announced on 11 March 2008.
2. As at the close of business on 19 March 2008 (being the latest practicable date prior to the publication of this document), Sumus had in issue 29,879,367 Ordinary Shares.
3. As at the close of business on 19 March 2008 (being the latest practicable date prior to the publication of this document), Lighthouse had in issue 83,718,751 Lighthouse Shares.
4. The Basic Consideration pursuant to the Merger values each Sumus Share at 42.3 pence and the existing issued share capital of Sumus at approximately £12.6 million.
5. The value of the Basic Consideration pursuant to the Merger is calculated:
 - (a) by reference to a price of 22.5 pence per Lighthouse Share (the Closing Price on 10 March 2008, being the latest practicable date prior to the Announcement); and
 - (b) on the basis of 29,879,367 Ordinary Shares in issue in the share capital of Sumus (at the close of business on 10 March 2008, being the latest practicable date prior to the Announcement).
6. The maximum and minimum numbers of New Lighthouse Shares to be issued pursuant to Basic Consideration, and the maximum amount of cash to be paid pursuant to the Partial Cash Alternative, is calculated on the basis of the issued ordinary share capital of Sumus referred to in paragraph 2 above.
7. Unless otherwise stated, all prices quoted for Lighthouse Shares or Ordinary Shares are closing middle market prices and are derived from the AIM Appendix to the Daily Official List of the London Stock Exchange.
8. The expected operational cost savings have been calculated on the basis of the existing cost and operating structures of the Lighthouse Group and the Sumus Group, respectively. These statements of estimated cost savings and one-off costs for achieving them relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings referred to may not be achieved, or those achieved could be materially different from those estimated. This statement is not intended to be a profit forecast and should not be interpreted to mean that the earnings per share in 2008, 2009 or in any subsequent financial period, would necessarily match or be greater than those for the relevant preceding financial period.

APPENDIX VIII

DEFINITIONS

Unless the context otherwise requires and except in Part III, the following definitions apply throughout this document, the Form of Election and the Forms of Proxy:

“A Shares”	the A ordinary shares of 0.5 pence each in the capital of Sumus arising out of the reclassification of the Scheme Shares;
“Acts”	the Companies Act 1985 and the Companies Act 2006;
“Announcement”	the announcement of the Merger issued by Sumus and Lighthouse to a Regulatory Information Service on 11 March 2008;
“Admission”	admission of the New Lighthouse Shares to trading on AIM in accordance with the AIM Rules or, if Sumus and Lighthouse so determine and subject to the consent of the Panel, the London Stock Exchange agreeing to admit such shares to trading on AIM subject only to (i) the allotment of such shares and/or (ii) the Merger becoming Effective;
“AIM”	the market of that name operated and regulated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies whose shares are admitted to trading on AIM published by the London Stock Exchange;
“Arbuthnot Securities”	Arbuthnot Securities Limited;
“Articles”	the articles of association of the Company;
“Australia”	the Commonwealth of Australia, its states, territories and possessions and all areas subject to its jurisdiction or any subdivision thereof;
“B Shares”	the B ordinary shares of 0.5 pence each in the capital of Sumus arising out of the reclassification of the Scheme Shares;
“Basic Consideration”	the entitlement of a Scheme Shareholder to receive New Lighthouse Shares in respect of his entire holding of Scheme Shares at the Reorganisation Record Time or, if he has made a valid Cash Election, such whole number of his Scheme Shares as represents 50 per cent. of his total holding of Scheme Shares, rounded up to the nearest whole number of Scheme Shares, immediately prior to the Reorganisation Record Time;
“Business Day”	any day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;
“Canada”	Canada, its territories and possessions and all areas subject to its jurisdiction and any political subdivision thereof;
“Capital Adequacy Directive”	the Capital Adequacy Directive (93/6/EEC), as amended, promulgated by the European Union;
“Capital Reduction”	the proposed reduction of the capital of Sumus pursuant to the Scheme;
“Cash Election”	an election to receive cash pursuant to the Partial Cash Alternative;

“certificated” or “in certificated form”	in respect of a share or other security, where that share or other security is not in uncertificated form;
“City Code” or “Code”	the City Code on Takeovers and Mergers;
“Closing Price”	the closing middle market price of a share as derived from AIM;
“Companies Act 1985”	the Companies Act 1985, as amended or re-enacted and for the time being in force;
“Companies Act 2006”	the Companies Act 2006, as amended or re-enacted and for the time being in force;
“Conditions”	the conditions to the implementation of the Merger (including the Scheme) set out in Appendix I to this document and “Condition” means any one of them;
“Court”	the High Court of Justice in England and Wales;
“Court Hearings”	each of the Scheme Court Hearing and the Reduction Court Hearing;
“Court Orders” or “Court Order”	the Scheme Court Order and/or the Reduction Court Order;
“CREST”	the relevant system (as defined in the Regulations) operated by CRESTCo;
“CRESTCo”	Euroclear UK and Ireland Limited;
“CREST Manual”	the CREST Manual referred to in agreements entered into by CRESTCo;
“CREST payment”	has the meaning given in the CREST Manual;
“Daniel Stewart”	Daniel Stewart & Company plc;
“Deverill Black”	Deverill Black & Company Limited, a private limited company incorporated in England and Wales under registered number 04158413;
“Effective”	in the context of the Merger, the Scheme having become effective in accordance with its terms;
“Effective Date”	the date on which the Merger becomes Effective;
“Enlarged Group”	the Lighthouse Group, including the Sumus Group, following the Effective Date;
“ESA Instruction”	an Escrow Adjustment instruction meeting the requirements set out in paragraph 3.3 on pages 7 to 8 of this document;
“Escrow Agent”	Computershare Investor Services PLC (as detailed in the CREST Manual);
“Excluded Shares”	any Ordinary Shares registered in the name of any member of the Lighthouse Group;
“Explanatory Statement”	the explanatory statement relating to the Scheme, as set out in Part II of this document, which together with the documents incorporated therein constitutes the explanatory statement relating to the Scheme as required by section 426 of the Companies Act 1985;

“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of Sumus (and any adjournment(s) thereof) convened in connection with the Merger and the Scheme;
“Falcon”	The Falcon Group plc, a public limited company incorporated in England and Wales under registered number 01869421;
“Financial Services Authority” or “FSA”	the Financial Services Authority, being the statutory body responsible for the regulation of the financial services industry, including IFAs;
“Financial Synergies”	Financial Synergies Plc, a public limited company incorporated in England and Wales under registered number 04118876;
“Form of Election”	the GREEN form of election under which Scheme Shareholders can elect to receive the Partial Cash Alternative, which accompanies this document;
“Forms of Proxy”	as the context requires, the relevant form of proxy for use at the Scheme Meeting or at the Extraordinary General Meeting;
“FSAS”	Financial Services Advice and Support Limited, a private limited company incorporated in Scotland under registered number SC219202;
“FSMA”	the Financial Services and Markets Act 2000, as amended or re-enacted and for the time being in force;
“HMRC”	HM Revenue & Customs;
“Holder”	a registered holder of shares, including any person(s) entitled by transmission;
“IFA”	an independent financial adviser, being a person in relation to whom the FSA has given its approval under section 59 of FSMA to advise clients in relation to financial products across the entire market;
“Implementation Agreement”	the agreement dated 10 March 2008 entered into by Sumus and Lighthouse in relation to the implementation of the Merger, including the Scheme;
“Inducement Fee Agreement”	the agreement dated 10 March 2008 entered into by Sumus and Lighthouse in relation to the inducement fee arrangements relating to the Merger;
“ISIN”	International Securities Identification Number;
“Japan”	Japan, its cities, prefectures, territories and possessions and all areas subject to its jurisdiction or any subdivision thereof;
“Lighthouse”	Lighthouse Group plc, a public limited company incorporated in England and Wales with registered number 4042743;
“Lighthouse Articles”	the articles of association of Lighthouse at the date of this document;
“Lighthouse Board”	the board of Lighthouse Directors;
“Lighthouse Circular”	the circular to be sent today by Lighthouse to Lighthouse Shareholders explaining the Merger and including a notice convening the Lighthouse General Meeting;

“Lighthouse Directors”	the directors of Lighthouse and any one of them as the context may require;
“Lighthouse General Meeting”	the extraordinary general meeting of Lighthouse (and any adjournment(s) thereof) convened to consider and, if thought fit, approve, <i>inter alia</i> , the resolutions to issue the New Lighthouse Shares pursuant to the Merger and matters related thereto;
“Lighthouse Group”	Lighthouse and its subsidiaries and subsidiary undertakings from time to time, or any of them, as the context requires;
“Lighthouse Resolutions”	the resolutions to be proposed at the Lighthouse General Meeting, including the Lighthouse Scheme Resolution;
“Lighthouse Scheme Resolution”	resolution number 1 set out in the notice convening the Lighthouse General Meeting at the end of the Lighthouse Circular, being an ordinary resolution of Lighthouse to increase Lighthouse’s authorised share capital and to grant the Lighthouse Directors authority to allot the New Lighthouse Shares;
“Lighthouse Shareholders”	Holders of Lighthouse Shares;
“Lighthouse Shares”	ordinary shares of 1 pence each in the capital of Lighthouse;
“London Stock Exchange”	London Stock Exchange Plc, together with any successor thereto;
“Long Stop Date”	the date which is 150 days after the date of this document;
“Meetings”	the Scheme Meeting and the Extraordinary General Meeting;
“Merger”	the proposed acquisition by Lighthouse of the entire issued and to be issued ordinary share capital of Sumus;
“Minute”	the minute approved by the Court showing the information required by section 138 of the Companies Act 1985 with respect to Sumus’ share capital as altered by the Reduction Court Order;
“New Sumus Shares”	the ordinary shares of 0.5 pence each in the capital of Sumus to be created and issued fully paid to Lighthouse pursuant to the Scheme;
“New Lighthouse Shares”	the Lighthouse Shares proposed to be issued credited as fully paid to the Scheme Shareholders pursuant to the Scheme and ranking <i>pari passu</i> with the Lighthouse Shares in issue at the time the New Lighthouse Shares are issued pursuant to the Merger, save as set out in this document;
“Offer Period”	the period commencing on 11 March 2008, being the date of the Announcement, and ending on the Effective Date or the lapse or withdrawal of the Scheme;
“Ordinary Shares”	ordinary shares of 0.5 pence each in the capital of Sumus;
“Overseas Shareholders”	Scheme Shareholders who are resident in ordinarily resident in or citizens of, jurisdictions outside the United Kingdom where, as relevant, the issue and allotment of the New Lighthouse Shares and/or an election pursuant to the Partial Cash Alternative would be a contravention of applicable law;
“Panel”	the Panel on Takeovers and Mergers;
“Partial Cash Alternative”	the facility under which a Scheme Shareholder may elect to receive cash in respect of such whole number of his Scheme Shares as

	represents 50 per cent. of his total holding of Scheme Shares, rounded down to the nearest whole number, immediately prior to the Reorganisation Record Time;
“pounds”, “£”, and “pence”	the lawful currency of the United Kingdom;
“Reduction Court Hearing”	the hearing by the Court of the application to confirm the Capital Reduction;
“Reduction Court Order”	the order of the Court confirming the Capital Reduction;
“Reduction Effective Date”	the date on which the Capital Reduction becomes effective;
“Registrars”	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE;
“Registrar of Companies”	the Registrar of Companies of England and Wales;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Regulatory Information Service”	any of the services set out in Appendix 3 to the Listing Rules of the Financial Services Authority in its capacity as competent authority under Part IV of the Financial Services and Markets Act 2000;
“Reorganisation Record Time”	6.00 p.m. on the day of the Scheme Court Hearing at which the Scheme Court Order is granted;
“SSAS Shares”	500,000 Sumus Shares which are held by Allan Rosengren, Julian Telling and Brunel Trustees Limited as trustees of a pension scheme, the sole beneficiaries of which are Allan Rosengren, Julian Telling and their next of kin;
“Scheme”	the proposed scheme of arrangement under section 425 of the Companies Act 1985 between the Company and the Scheme Shareholders set out in Part III of this document, with or subject to any modification thereof or in addition thereto or condition approved or imposed by the Court and agreed by the Company and Lighthouse;
“Scheme Court Hearing”	the hearing by the Court of the claim form to sanction the Scheme;
“Scheme Court Order”	the order of the Court sanctioning the Scheme;
“Scheme Document”	this document;
“Scheme Meeting”	the meeting of the Scheme Shareholders convened pursuant to an order of the Court pursuant to section 425 of the Companies Act 1985 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) (and any adjournment thereof);
“Scheme Shareholders”	Holders of Scheme Shares;
“Scheme Shares”	the Sumus Shares: <ul style="list-style-type: none"> (i) in issue at the date of the Scheme; (ii) issued after the date of the Scheme but before the Voting Record Time; and (iii) issued at or after the Voting Record Time and before the Reorganisation Record Time on terms that the original or any subsequent Holders shall be, or shall have agreed in writing by such time to be, bound by the Scheme, but excluding the Excluded Shares;

“SEC”	the United States Securities and Exchange Commission;
“Special Resolution”	the special resolution to be proposed by Sumus at the EGM in connection with approving the Sumus share capital reorganisation, the Capital Reduction, amendments to be made to the Articles and other matters connected with the Scheme;
“Sumus” or “Company”	Sumus Plc, a public limited company incorporated in England and Wales under registered number 4127940;
“Sumus Board”	the Board of Sumus Directors;
“Sumus Directors”	the directors of Sumus and any one of them as the context may require;
“Sumus Group”	the Company, its subsidiaries, any holding company of the Company (intermediate or otherwise) and their subsidiary undertakings from time to time, or any of them, as the context requires;
“Sumus Shareholders”	Holders of Sumus Shares;
“Sumus Shares”	(i) prior to the Reorganisation Record Time, Ordinary Shares; and (ii) after the Reorganisation Record Time, Ordinary Shares, A Shares and B Shares;
“TTE Instruction”	a Transfer to Escrow instruction meeting the requirements set out in paragraph 3.2 on page 7 of this document;
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	in respect of a share or other security, where that share or other security is recorded on the relevant register of the share or security concerned as being held in CREST and title to which may be transferred by means of CREST;
“United States” or “US”	the United States of America (including the states of the United States and the District of Columbia), its possessions and territories and all other areas subject to its jurisdiction;
“US Securities Act”	the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder; and
“Voting Record Time”	the time fixed by the Court and Sumus for determining the entitlement of Scheme Shareholders to vote at, respectively, the Scheme Meeting and the Extraordinary General Meeting as set out in the notices thereof.

Unless otherwise stated, all times referred to in this document are references to the time in London.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

For the purpose of this document, “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the meanings given by the Companies Act 1985 (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the Companies Act 1985).

APPENDIX IX

NOTICE OF SCHEME MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
REGISTRAR SIMMONDS

No. 2153 of 2008

IN THE MATTER OF SUMUS Plc

and

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that, by an order dated 17 March 2008 made in the above matter, the Court has directed a meeting (the “**Scheme Meeting**”) to be convened of the holders of Scheme Shares (as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) pursuant to section 425 of the Companies Act 1985 (the “**Act**”) proposed to be made between Sumus Plc (the “**Company**”) and the holders of Scheme Shares (as defined in the Scheme of Arrangement) and that such Scheme Meeting will be held at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH at 11.00 a.m. on 14 April 2008 at which place and time all holders of such Scheme Shares are invited to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 426 of the Act in relation to the Scheme of Arrangement are incorporated in the document of which this Notice forms part.

Holders of Scheme Shares may vote in person at the Scheme Meeting or they may appoint another person or persons as their proxy/proxies to attend and vote in their stead. A holder of Scheme Shares may appoint more than one proxy in relation to the Scheme Meeting provided that each proxy is appointed to exercise the rights attached to different Scheme Shares held by that holder of Scheme Shares. A proxy need not be a member of the Company. A BLUE Form of Proxy for use at the Scheme Meeting is enclosed with this Notice. Completion and return of the BLUE Form of Proxy will not preclude a holder of Scheme Shares from attending and voting at the Scheme Meeting (or any adjournment thereof) in person if he wishes to do so.

In the case of joint holders of Scheme Shares, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that BLUE Forms of Proxy be lodged with the Company’s Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not less than 48 hours before the time appointed for the Scheme Meeting but, if such Forms of Proxy are not so lodged, they may be handed to the Chairman of the Scheme Meeting or to Computershare Investor Services PLC on behalf of the Chairman of the Scheme Meeting before the taking of the poll.

Only those holders of Scheme Shares entered in the register of members of the Company as at 6.00 p.m. on 12 April 2008 (or, in the event that the Scheme Meeting is adjourned, in the register of members of the Company at 6.00 p.m. on the second day before the date of any adjourned meeting) shall be entitled to attend or vote in respect of the number of Scheme Shares registered in their names at the relevant time. Changes to entries in the register of members of the Company after 6.00 p.m. on 12 April 2008 (or, in the event that the Scheme Meeting is adjourned, in the register of members after the time which is 6.00 p.m. on the second day before the date of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the Scheme Meeting.

By the said order, the Court has appointed Paul Bradshaw or, failing him, Allan Rosengren or, failing him, Julian Telling to act as Chairman of the Scheme Meeting and has directed the Chairman to report the result of the Scheme Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated: 20 March 2008

Burges Salmon LLP
Narrow Quay House
Narrow Quay
Bristol BS1 4AH

Solicitors for the Company

Notes:

- (1) Scheme Shareholders are entitled to appoint one or more proxies to exercise all or any of their rights to attend and vote on their behalf at the Scheme Meeting (or at any adjournment(s) thereof). A Scheme Shareholder may appoint more than one proxy in relation to the Scheme Meeting provided that each proxy is appointed to exercise the rights attached to a different Scheme Share or Scheme Shares held by that Scheme Shareholder. A proxy need not be a member of the Company. BLUE Forms of Proxy are enclosed for this purpose.
- (2) The completed BLUE Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or notarially certified copies of such power of attorney or authority, must be received by the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 11.00 a.m. on 12 April 2008. However, if a BLUE Form of Proxy is not so received by the Registrars by 11.00 a.m. on 12 April 2008, it may be handed to the Chairman of the Scheme Meeting or to Computershare Investor Services PLC on behalf of the Chairman of the Scheme Meeting before the taking of the poll. Completion and return of a BLUE Form of Proxy will not prevent a member from attending and voting at the Scheme Meeting (or at any adjournment(s) thereof), in person if he wishes to do so.
- (3) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that entitlement to attend and vote at the Scheme Meeting or any adjournment(s) thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 6.00 p.m. on 12 April 2008, or if the Scheme Meeting is adjourned, 6.00 p.m. on the second day before the day of the adjourned meeting. Changes to the register of members after 6.00 p.m. on 12 April 2008 or, if the Scheme Meeting is adjourned, 6.00 p.m. on the second day before the day of the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Scheme Meeting.
- (5) In the case of joint holders, any one of the joint holders may vote. However, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (6) The following procedures will be adopted in order to manage votes cast by proxies at the Scheme Meeting. Where one or more proxy/proxies is/are appointed and the total number of Scheme Shares in respect of which that/those proxy/proxies is/are appointed is greater than the appointor's entire holding of Scheme Shares and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that, as far as practicable, conflicting forms of proxy should be judged to be made in respect of different Scheme Shares) and where such pro rata reduction gives rise to fractions of Scheme Shares such fractions will be rounded down. Where more than one proxy is appointed and the total number of Scheme Shares in respect of which those proxies are appointed is no greater than the appointor's entire holding of Scheme Shares, it will be assumed that proxies are appointed in relation to different Scheme Shares, rather than that conflicting appointments have been made in relation to the same Scheme Shares. When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if this cannot be ascertained, which proxy is last received). Proxies sent in the same envelope will be treated as sent and received at the same time to minimise the number of conflicting proxies. If conflicting proxies are sent or received at the same time in respect of the appointor's entire holding of Scheme Shares, none of them shall be treated as valid. Where one or more proxy/proxies is/are appointed and the appointor decides to attend the Scheme Meeting in person, the vote(s) cast in person will override the proxy vote(s). If the appointor votes in person in respect of his entire holding of Scheme Shares, then all proxy votes will be disregarded. If the appointor votes in person in respect of less than his entire holding of Scheme Shares, then, unless the appointor clearly indicates at the meeting that all proxy votes should be disregarded, the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding his entire holding of Scheme Shares.
- (7) In order to facilitate voting by corporate representatives at the Scheme Meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman of the meeting will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. These arrangements will, however, be amended (if necessary) in order to reflect any developments in best practice prior to the meeting.
- (8) Voting at the Scheme Meeting will be conducted on a poll.

APPENDIX X

NOTICE OF EXTRAORDINARY GENERAL MEETING

SUMUS Plc

(Registered in England No. 4127940)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**General Meeting**”) of Sumus Plc (the “**Company**”) will be held at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH at 11.15 a.m. on 14 April 2008 (or as soon thereafter as the meeting of the holders of the Company’s ordinary shares convened by the direction of the High Court of Justice in England and Wales (the “**Court**”) for 11.00 a.m. on the same date and at the same place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution of the Company:

SPECIAL RESOLUTION

THAT, for the purpose of giving effect to the scheme of arrangement dated 20 March 2008 between the Company and Scheme Shareholders (as defined in the said scheme), a print of which has been produced to the meeting and for the purposes of identification signed by the Chairman thereof, in its original form or subject to such modification, addition or condition agreed between the Company, Lighthouse Group plc and approved or imposed by the Court (the “**Scheme**”):

- (a) the directors of the Company be and they are hereby authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (b) contingently upon the delivery of an office copy of the Court order sanctioning the Scheme to the Registrar of Companies in England and Wales and with effect from the Reorganisation Record Time (as defined in the Scheme), each Scheme Share (as defined in the Scheme) be reclassified as an A ordinary share of 0.5 pence each (an “**A Share**”) or as a B ordinary share of 0.5 pence each (a “**B Share**”), such A Shares and B Shares having the rights set out in new article 2 to be adopted pursuant to resolution 3, on the following basis:
 - (i) each Scheme Share in respect of which no valid Cash Election has been made, or is deemed to have been made, under the Partial Cash Alternative (as defined in the Scheme), shall be reclassified as an A Ordinary Share; and
 - (ii) each Scheme Share in respect of which a valid Cash Election has been made, or is deemed to have been made, under the Partial Cash Alternative (as defined in the Scheme), shall be reclassified as a B Share,

PROVIDED THAT if the reduction of capital referred to in paragraph (d) below does not become effective by 6.00 p.m. on the fifth business day following the Reorganisation Record Time, or such later time and date as may be agreed by the Company and Lighthouse Group plc and which the Court may think fit to approve or impose (the “**Reversal Time**”),

- (i) the reclassifications effected by paragraph (b) above shall be reversed and the A Shares and the B Shares shall revert to and be reclassified as ordinary shares of 0.5 pence each; and
- (ii) with effect from the Reversal Time, article 2 of the articles of association of the Company shall be replaced by the following new article 2:

“2. Authorised Share Capital

2.1 The authorised share capital of the Company is £1,000,000 divided into 200,000,000 Ordinary Shares of 0.5 pence each.”

- (c) with effect from the reclassification of shares referred to in paragraph (b) above, article 2 of the articles of association of the Company shall be replaced by the adoption and inclusion of the following new article 2:

“2. Authorised Share Capital

2.1 The authorised share capital of the Company is £1,000,000 divided into 200,000,000 ordinary shares of 0.5 pence each (the “**Ordinary Shares**”), A ordinary shares of 0.5 pence each (the “**A Shares**”) and B ordinary shares of 0.5 pence each (the “**B Shares**”).

2.2 The A Shares and the B Shares shall rank equally with and have the same rights as those attaching to the Ordinary Shares as if they constituted a single class of share, save that upon the scheme of arrangement dated 20 March 2008 between the Company and the Scheme Shareholders (as defined therein) (in its form as at that date or with or subject to any modification thereof or addition thereto or condition agreed by the Company and Lighthouse Group plc and which the Court may think fit to approve or impose) (the “**Scheme**”) becoming effective, each A Share shall confer upon the holder thereof the right to receive 1.88 New Lighthouse Shares (as defined in the Scheme) and each B Share shall confer upon the holder thereof the right to receive 43.5 pence in cash, in each case in accordance with and subject to the terms of the Scheme.”;

- (d) contingently upon the reclassification of shares referred to in paragraph (b) above taking effect and the requisite entries having been made in the register of members of the Company, the share capital of the Company be reduced by cancelling and extinguishing all the A Shares and B Shares created by paragraph (b) above;

- (e) forthwith and contingently upon the reduction of capital referred to in paragraph (d) above taking effect and the re-registration of the Company as a private company taking effect and notwithstanding any other provision in the Company’s articles of association:

(i) the authorised share capital of the Company be increased to its former amount by the creation of such number of ordinary shares of 0.5 pence each (the “**New Sumus Ordinary Shares**”) as shall have an aggregate value equal to the aggregate of the nominal value of the A Shares and the B Shares cancelled pursuant to paragraph (d) above and which shall have the same rights attaching thereto as were attached to the ordinary shares from which the A Shares and the B Shares were derived;

(ii) the reserve arising in the books of the Company as a result of the said reduction of capital be applied in paying up in full at par the New Sumus Ordinary Shares so created, which shall be allotted and issued credited as fully paid to Lighthouse Group plc in accordance with the Scheme, free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other interests of any nature whatsoever and with all rights attaching thereto; and

(iii) the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to allot the New Sumus Ordinary Shares, provided that (1) the maximum aggregate nominal amount of shares which may be allotted hereunder shall be equal to the aggregate nominal amount of the New Sumus Shares created pursuant to sub-paragraph (i) of this paragraph (e), (2) this authority shall expire on the fifth anniversary of this resolution and (3) this authority shall be in addition and without prejudice to any other authority under the said section 80 previously granted and in force on the date on which this resolution is passed,

- (f) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 2A after article 2 (and amending the remainder of the articles and any cross references thereto accordingly):

“2A. Scheme of Arrangement

2A.1 In this Article 2A, references to the “Scheme” are to the scheme of arrangement dated 20 March 2008 under section 425 of the Companies Act 1985 between the Company and the Scheme Shareholders (as defined in the Scheme), in its original form or with or subject to any modifications as may be agreed between the Company and Lighthouse Group plc and as approved by the Court, and (save as defined in this Articles) expressions defined in the Scheme shall have the same meanings in this Article.

- 2A.2 Notwithstanding any other provision of these Articles, if the Company issues any Ordinary Shares at or after the Voting Record Time and at or before the Reorganisation Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.
- 2A.3 Notwithstanding any other provision of these Articles, if any Ordinary Shares are issued to any person (a “**New Member**”) (other than under the Scheme or to Lighthouse Group plc or any subsidiary undertaking of Lighthouse Group plc (as defined in the Companies Act 1985) or any person(s) identified by written notice to the Company by Lighthouse Group plc as its nominee(s)) after the Reorganisation Record Time, such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) shall, provided the Scheme has become effective, be obliged immediately to transfer all the Ordinary Shares held by the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) (the “**Disposal Shares**”) to Lighthouse Group plc or its nominee(s) (the “**Transferee**”) who shall be obliged to acquire all the Disposal Shares, and the consideration for each Disposal Share transferred to the Transferee shall be the issue and allotment to the New Member of 1.88 New Lighthouse Shares, and so in proportion for any other number of Disposal Shares, provided that the aggregate number of New Lighthouse Shares to which a New Member is entitled under this Article 2A.3 in respect of all his Disposal Shares shall, in each case, be rounded down to the nearest whole number of New Lighthouse Shares.
- 2A.4 To give effect to any transfer required by Article 2A.3 above the Company may appoint any person to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Transferee and the Company may give a good receipt for the consideration for the Disposal Shares and may register the Transferee as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares. Lighthouse Group plc shall send a certificate in the name of such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) for the New Lighthouse Shares to be issued in consideration for the transfer of such Disposal Shares within 14 business days of the date on which the Disposal Shares are issued or transferred to the New Member.
- 2A.5 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) or on a rights issue or demerger, the number of New Lighthouse Shares to be issued under Article 2A.3 shall be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to Ordinary Shares shall, following such adjustment, be construed accordingly.
- 2A.6 If Part II of the Scheme shall not have become effective by the time referred to in Clause 9(c) of the Scheme, this Article 2A shall be of no effect.
- 2A.7 Notwithstanding any other provision of these Articles and save as contemplated by this Article, both the Company and the Directors shall refuse to register the transfer of any Disposal Shares after the Reorganisation Record Time.”; and
- (g) with effect from the Reduction Effective Date (as defined in the Scheme), article 2 of the articles of association of the Company shall be replaced by the following new article 2:
- “**2. Authorised Share Capital**
- 2.1 The authorised share capital of the Company is £1,000,000 divided into 200,000,000 ordinary shares of 0.5 pence each (the “**Ordinary Shares**”).”.

Registered office:
Falcon Court
41-44 Triangle West
Clifton
Bristol BS8 1ER
20 March 2008

BY ORDER OF THE BOARD
Peter Smith
Company Secretary

Notes:

- (1) Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend and, on a poll, vote on their behalf at the Extraordinary General Meeting (or at any adjournment(s) thereof). A shareholder may appoint more than one proxy in relation to the Extraordinary General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. PINK Forms of Proxy are enclosed for this purpose.
- (2) The completed PINK Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or notarially certified copies of such power of attorney or authority, must be received by the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 11.15 a.m. on 12 April 2008. Completion and return of a PINK Form of Proxy will not prevent a member from attending and voting at the Extraordinary General Meeting (or at any adjournment(s) thereof), in person if he wishes to do so.
- (3) Copies of the Company's existing articles of association and copies of the articles of association as proposed to be amended by the special resolution set out in the notice of Extraordinary General Meeting are available for inspection at the offices of Burges Salmon LLP at Narrow Quay House, Narrow Quay, Bristol BS1 4AH and at the Company's registered office, Falcon Court, 41-44 Triangle West, Clifton, Bristol BS8 1ER, until opening of business on the day on which the EGM is held and will also be available for inspection at the place of the EGM for at least 15 minutes prior to the Extraordinary General Meeting and during the Extraordinary General Meeting.
- (4) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that entitlement to attend and vote at the Extraordinary General Meeting or any adjournment(s) thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 6.00 p.m. on 12 April 2008, or if the Extraordinary General Meeting is adjourned, 6.00 p.m. on the second day before the day of the adjourned meeting. Changes to the register of members after 6.00 p.m. on 12 April 2008 or, if the Extraordinary General Meeting is adjourned, 6.00 p.m. on the second day before the day of the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.
- (5) In the case of joint holders, any one of the joint holders may vote. However, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (6) The following procedures will be adopted in order to manages votes cast by proxies at the Extraordinary General Meeting, if voting proceeds on a poll. Where one or more proxy/proxies is/are appointed and the total number of shares in respect of which that/those proxy/proxies is/are appointed is greater than the appointor's entire holding of shares and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that, as far as practicable, conflicting forms of proxy should be judged to be made in respect of different shares) and where such pro rata reduction gives rise to fractions of shares such fractions will be rounded down. Where more than one proxy is appointed and the total number of shares in respect of which those proxies are appointed is no greater than the appointor's entire holding of shares, it will be assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if this cannot be ascertained, which proxy is last received). Proxies sent in the same envelope will be treated as sent and received at the same time to minimise the number of conflicting proxies. If conflicting proxies are sent or received at the same time in respect of the appointor's entire holding of Scheme Shares, none of them shall be treated as valid. Where one or more proxy/proxies is/are appointed and the appointor decides to attend the Extraordinary General Meeting in person, the vote(s) cast in person will override the proxy vote(s). If the appointor votes in person in respect of his entire holding of shares, then all proxy votes will be disregarded. If the appointor votes in person in respect of less than his entire holding of shares, then, unless the appointor clearly indicates at the meeting that all proxy votes should be disregarded, the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding his entire holding of Scheme Shares.
- (7) In order to facilitate voting by corporate representatives at the Extraordinary General Meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman of the meeting will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. These arrangements will, however, be amended (if necessary) in order to reflect any developments in best practice prior to the meeting.
- (8) Voting on the Special Resolution at the Extraordinary General Meeting will be conducted on a show of hands, unless a poll is duly demanded in accordance with the Company's articles of association.

