

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you sell, have sold or otherwise transferred all of your registered holding of Ordinary Shares, please forward this document and the enclosed form of proxy 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 transferee. If you sell, have sold or otherwise transferred part of your holding of Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors, whose names and functions appear on page 7 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document and compliance with the Listing Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions made or paid on or after Admission and will be in registered form.

ServicePower Technologies plc

(incorporated and registered in England and Wales with registered number 03941006)

Proposed cancellation of Listing on the Official List and admission to trading on AIM

Capital Reorganisation

Changes to the Articles of Association

Placing by KBC Peel Hunt Ltd of 100,000,000 Placing Shares at 5p per share

Notice of Extraordinary General Meeting

Sponsor and Broker: KBC Peel Hunt Ltd

This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part IV of this document and which includes a recommendation that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

KBC Peel Hunt Ltd, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for ServicePower Technologies plc in relation to the transaction referred to herein. KBC Peel Hunt Ltd is not acting for, and will not be responsible to, any person other than ServicePower Technologies plc for providing the protections afforded to customers of KBC Peel Hunt Ltd or for advising any other person on the contents of this document or any transaction or arrangement referred to herein.

Notice of an Extraordinary General Meeting of ServicePower Technologies plc, to be held at the offices of KBC Peel Hunt Ltd, 111 Old Broad Street, London EC2N 1PH at 11.00 a.m. on 22 August 2008 is set out at the end of this document. Shareholders will find enclosed a form of proxy for use at the Extraordinary General Meeting. The form of proxy should be completed and returned to the Company's registrar, Capita Registrars, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 20 August 2008.

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DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Admission”	the proposed admission of the New Ordinary Shares to trading on AIM
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the “AIM Rules for Companies” and the “AIM Rules for Nominated Advisers” each as published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company from time to time
“Capita Registrars”	a trading name of Capita Registrars Limited
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company to take effect on Admission as described in this document
“Company” or “ServicePower”	ServicePower Technologies plc
“Convertible”	any convertible loan note issued to the Lenders in repayment of the Facility, further details of which are set out at paragraph 4 of Part IV of this document
“Current Articles”	the Company’s Articles’ as at the date of this document
“Deferred Shares”	the deferred shares of 1p each in the capital of the Company following the Capital Reorganisation
“Directors” or “Board”	the board of directors of ServicePower
“Enlarged Share Capital”	the issued ordinary share capital of the Company following the Capital Reorganisation and the Placing
“Extraordinary General Meeting”	the extraordinary general meeting of ServicePower convened for 11.00 a.m. on 22 August 2008 (or any adjournment of it), notice of which is set out at the end of this document
“Facility”	the £1 million loan facility entered into by the Company with the Lenders on 6 June 2008
“Group”	the Company and its subsidiaries from time to time
“KBC”	KBC Peel Hunt Ltd
“Issue Price”	5p per Placing Share
“Lenders”	Herald Ventures II Limited Partnership, Herald Investment Trust Plc, BFL&P LLP, and the Alphagen Volantis Fund Limited
“Listing”	the admission of Ordinary Shares to the Official List
“Listing Rules”	the listing rules of the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“New Articles”	the new Articles to be adopted by the Company pursuant to the Resolutions

“New Ordinary Shares”	ordinary shares of 1p each in the capital of the Company following the Capital Reorganisation
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	the existing ordinary shares of 10p each in the capital of the Company as at the date of this document
“Placing”	the proposed placing by KBC of the Placing Shares on behalf of the Company at the Issue Price on the terms of the Placing and Underwriting Agreement
“Placing Shares”	the 100,000,000 New Ordinary Shares to be allotted pursuant to the Placing
“Placing and Underwriting Agreement”	the conditional placing and underwriting agreement dated 29 July 2008 between the Company and KBC relating to the Placing, further details of which are set out in paragraph 3 of the Chairman’s Letter at Part IV of this document
“Proposals”	the cancellation of the Listing, the Admission, the Placing and the requisite Resolutions
“Record Date”	the record date for the Capital Reorganisation
“Registrars”	Capita Registrars
“Resolutions”	the resolutions set out in the notice of the EGM at the end of this document and “Resolution” shall mean any of them
“Shareholders”	holders of Ordinary Shares from time to time
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

PART I

Expected timetable of principal events

Date of this document	30 July 2008
Latest time and date for receipt of completed proxy forms for the EGM	11.00 a.m. on 20 August 2008
Extraordinary General Meeting	11.00 a.m. on 22 August 2008
Record Date for the Capital Reorganisation	(following close of business on) 22 September 2008
Expected date of cancellation of Listing	23 September 2008
Admission to AIM effective and dealings commence on AIM of New Ordinary Shares	23 September 2008
Expected date for crediting of CREST member accounts	23 September 2008
Expected date for despatch of share certificates	by 30 September 2008

References to time in this document are to British Summer Time.

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.

PART II

Key statistics*

Number of existing Ordinary Shares in issue at the date of this document	89,264,299
Number of New Ordinary Shares into which existing Ordinary Shares convert pursuant to the Capital Reorganisation	89,264,299
Number of Deferred Shares in issue following the Capital Reorganisation	803,378,691
Number of Placing Shares	100,000,000
Issue Price	5p
Number of New Ordinary Shares in issue immediately following Admission	189,264,299
Percentage of Enlarged Share Capital represented by the Placing Shares	52.8 per cent.
Gross proceeds of the Placing	£5.0 million
Estimated net proceeds of the Placing	£4.6 million

*Assuming completion of the Placing which is subject, *inter alia*, to the passing of the Resolutions at the EGM and Admission becoming effective.

PART III

Directors, Secretary and Advisers

Directors	Mark Duffin (<i>Chief Executive Officer</i>) Lindsay Claude Neils Bury (<i>Non-Executive Chairman</i>) Hugh Fitzwilliam-Lay (<i>Non-Executive Director</i>) Barry Harvey Welck (<i>Non-Executive Director</i>)
Company Secretary	Sally Ann Gillings
Address and registered office	Petersgate House St Petersgate Stockport Cheshire SK1 1HE
Head office and business address	Petersgate House St Petersgate Stockport Cheshire SK1 1HE
Sponsor, Financial adviser and broker	KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH
Legal advisers to the Company	Reed Smith Richards Butler LLP Minerva House 5 Montague Close London SE1 9BB
Auditors	Deloitte & Touche LLP Chartered Accountants and Registered Auditors 2 Hardman Street Manchester M60 2AT
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART IV

Letter from the Chairman of ServicePower Technologies plc

ServicePower Technologies plc

(incorporated and registered in England and Wales with registered number 03941006)

Directors:

Mark Duffin (*Chief Executive Officer*)

Lindsay Claude Neils Bury (*Non-Executive Chairman*)

Hugh Fitzwilliam-Lay (*Non-Executive Director*)

Barry Harvey Welck (*Non-Executive Director*)

Registered Office:

Petersgate House

St Petersgate

Stockport

Cheshire

SK1 1HE

30 July 2008

To Shareholders and, for information only, to any option holders

Dear Shareholder,

Proposed cancellation of Listing on the Official List and admission to trading on AIM

Capital Reorganisation

Changes to the Articles of Association

Placing by KBC Peel Hunt Ltd of 100,000,000 Placing Shares at 5p per share

Notice of Extraordinary General Meeting

1. INTRODUCTION

As announced by your Board on 9 June 2008, ServicePower intends to apply to cancel its Listing on the Official List and apply for its share capital to be admitted to trading on AIM. It is anticipated that the effective date of the cancellation of Listing and Admission to trading on AIM will be 23 September 2008.

The Company also announced on 9 June 2008 that it had secured a loan facility to be used for interim working capital purposes and that it intended to raise further funds in conjunction with its move to AIM. I am pleased to announce that approximately £5.0 million (£4.6 million net of expenses) will be raised on Admission by way of a placing of 100,000,000 Placing Shares at a price of 5p per share (being a premium of 2.5 per cent. to the mid-market price of 4.88p of an Ordinary Share at the close of business on 29 July 2008). The Placing will be fully underwritten by KBC.

The Company's Ordinary Shares currently trade at a market price which is below the nominal value of those shares of 10p each. In order to conduct the Placing at the Issue Price it is necessary to reorganise the Company's share capital, further details of which are set out in paragraph 9 of this letter.

The cancellation of the Listing is conditional upon approval from a majority of not less than 75 per cent. of the Shareholders as (being entitled to do so) vote in person or by proxy at the Extraordinary General Meeting. In addition, in order to complete the Placing, Shareholder approval is required to conduct the Capital Reorganisation, to authorise the directors to issue New Ordinary Shares in connection with the Placing and the Facility (if required) and to disapply statutory pre-emption rights. The Company is also proposing to update its Current Articles to take account of the Capital Reorganisation and recent changes in company law. Accordingly, the purpose of this document is to provide Shareholders with information on the Proposals and to seek the requisite approvals, either in person or by proxy, by way of special and ordinary resolutions at the Extraordinary General Meeting, notice of which is set out on page 19 of this document, and which will be held at 11.00 a.m. on 22 August 2008.

2. BACKGROUND TO AND REASONS FOR THE TRANSFER TO AIM

As stated in the Company's interim management statement released on 16 May 2008, since the beginning of the year the Company has made significant progress with the restructuring of its operations on a global basis. With the operational restructuring progressing under Mark Duffin's leadership, the Directors have been focusing on the strategies to take the Company to the next stage of achieving scale, greater profitability and continuing growth; both organically and through acquisition.

The Board believes that AIM is a more appropriate market for achieving these goals and that a transfer to AIM should lead to lower ongoing costs associated with being a public company as well as a simplification of the Company's administration and regulatory requirements. It also believes that AIM will offer greater flexibility, particularly with regard to corporate transactions, and should enable the Company to agree and execute transactions more quickly, if acquisition or other opportunities arise in the future.

AIM, which is operated and regulated by the London Stock Exchange, has an established reputation with investors and analysts. It was launched in June 1995 as the London Stock Exchange's market specifically designed for smaller companies, with a more flexible regulatory regime. Since its inception, there have been more than 3,000 admissions to AIM and over £57 billion has been raised collectively making AIM an internationally recognised market.

In the opinion of the Directors the key differences between the obligations of an AIM quoted company and those of a company whose shares are listed on the Official List are:

- under the AIM rules, a nominated advisor is required at all times and has ongoing responsibilities to both the Company and the London Stock Exchange. KBC has been appointed as the Company's nominated advisor and broker;
- for transactions by AIM companies, prior shareholder approval under the AIM Rules is only required for reverse takeovers and disposals that result in a fundamental change of business. Under the Listing Rules, a broader range of transactions require prior shareholder approval by a majority of shareholders;
- there is no requirement for a minimum number of shares in an AIM quoted company to be held in public hands, whereas on the Official List a minimum of 25 per cent. of a company's issued ordinary share capital has to be maintained in public hands at all times;
- there is no requirement under the AIM Rules for a prospectus or admission document to be published for further issues of securities, unless such securities are offered to the wider public; and
- compliance with the combined code on corporate governance is not strictly required by AIM companies. However, the Board envisages no material alteration in the standards of reporting and governance which the Company maintains.

Once admitted to AIM, Shareholders should continue to be able to trade the New Ordinary Shares in the usual manner through their stockbroker or other suitable intermediary, subject to liquidity. Liquidity on AIM is in part provided by market makers who are member firms of the London Stock Exchange and are obliged to quote a share price between 8.00 a.m. and 4.30 p.m. on business days.

3. BACKGROUND TO AND TERMS OF THE PLACING

As stated in the Company's interim management statement released on 16 May 2008, cash balances have reduced since the year end and the Company has been looking to strengthen its balance sheet. On 6 June 2008, the Company entered into the Facility which has been drawn down in full and has been used to address the interim working capital needs of the Company. Further details of the Facility are set out below. In conjunction with the cancellation of its Listing and subsequent Admission to AIM, and in order to provide the Company with additional working capital, the Company is to raise £5.0 million through the issue of 100,000,000 Placing Shares at a Issue Price of 5p. The Placing is fully underwritten by KBC.

The Placing Shares have been conditionally placed with certain Shareholders and new investors on a non pre-emptive basis. The Directors believe that the additional costs and time that would be incurred if the Placing Shares were offered to Shareholders on a pre-emptive basis by way of a rights issue or open offer would not be in the best interests of the Company or its Shareholders.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions made or paid on or after Admission. The Placing Shares may be held in certificated or uncertificated form.

The Placing Shares will represent approximately 52.8 per cent. of the issued share capital of the Company following completion of the Placing and the Capital Reorganisation.

The Placing is conditional, *inter alia*, upon:

- the passing of the Resolutions;
- the Placing and Underwriting Agreement becoming unconditional in all respects (save as to Admission) and not having been terminated in accordance with its terms; and
- Admission occurring by 8.00 a.m. on or around 23 September 2008 (or such later date as may be agreed between the Company and KBC, not being later than 8.00 a.m. on 3 October 2008).

4. THE FACILITY

The Facility of £1 million was entered into on 6 June 2008 and has been drawn down in full. Interest accrues at a rate of 8 per cent. per annum, compounded every six months. The Facility is secured over the Company's assets in priority to any other charge that ServicePower currently has or grants in the future. The Facility is repayable upon the earlier of 31 December 2008, the passing of the Resolutions or in certain other default circumstances.

If Shareholders approve the Resolutions and the Placing is completed, the Facility will become repayable at the Company's election to the Lenders either through:

- the issuance of a convertible loan note to the Lenders which will give the Lenders the right to convert the loan into New Ordinary Shares in ServicePower at the lower of 5p per New Ordinary Share or the Issue Price. The rate of interest on the Convertible would be 8 per cent. per annum, compounded every six months; or
- the issuance of New Ordinary Shares at the lower of 4p per New Ordinary Share or a 20 per cent. discount to the Issue Price.

If Shareholders do not approve the Resolutions, the Facility will become repayable in full, including accrued interest, on 31 December 2008 and a 200 per cent. premium on the total outstanding monies will become payable by ServicePower to the Lenders. ServicePower has received irrevocable undertakings to vote in favour of the Resolutions from Shareholders who are beneficially interested in Ordinary Shares representing approximately 35 per cent. of the total issued share capital of the Company. These irrevocable undertakings include irrevocable undertakings received from the Lenders in respect of the Ordinary Shares in which they are beneficially interested.

5. WORKING CAPITAL

The Directors are of the opinion that, taking into account the proceeds of the Placing, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this document.

6. TAXATION

There are various tax reliefs available to investors in companies whose shares are traded on AIM. These tax advantages are those which relate to investments in qualifying unquoted companies. Companies traded on AIM are regarded by HM Revenue & Customs as unquoted for this purpose.

The tax reliefs which may be available include:

- **For individual investors:**
 - The Enterprise Investment Scheme (EIS)
 - Inheritance tax (business property relief)
 - Capital gains tax gift relief
 - Relief for losses
 - Venture Capital Trusts (VCTs)
- **For corporate investors:**
 - Corporate venturing scheme (CVS)
 - Relief for losses for investment companies

Shareholders or prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them or whether the tax advantages referred to above may be available to them. In particular it should be noted that it is not possible to hold shares traded on AIM in PEPs or ISAs unless they have a dual listing on an international stock exchange. As the Placing Shares will not have a dual listing and therefore cannot be held within a PEP or ISA, the Board understands that, under current HM Revenue & Customs' rules, Shareholders will have 30 days following Admission to either transfer their Ordinary Shares out of their PEP or ISA into their own name or sell their holding and retain the proceeds within the PEP or ISA.

A company's shares are eligible for an EIS if it is an unquoted trading company with gross assets (including subsidiaries' gross assets) not exceeding £7 million immediately before shares are issued and £8 million immediately afterwards. It is unlikely that the Company's shares will qualify for an EIS at this time.

The above comments on the tax implications of the move to AIM are based on the Directors' current understanding of tax law and practice and intended only as a general guide and do not constitute tax or legal advice. Tax rules can change and the precise tax implications will depend on Shareholders' individual circumstances. If you are in any doubt as to your tax position, or are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, you should consult your tax adviser without delay.

7. RISK FACTORS

Although following the cancellation of the Listing the Company intends that all of the New Ordinary Shares will be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the New Ordinary Shares will develop or, if developed, that it will be maintained following Admission. AIM is a market designed primarily for emerging or smaller companies and may not provide the liquidity normally associated with the Official List or some other stock exchanges. The New Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case.

Shareholders should also note that the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies listed on the Official List. AIM has less stringent rules than the Official List and is self regulated. In addition to the key differences highlighted in paragraph 2 above, the reporting requirements of the AIM Rules generally require dissemination of less information than the regulatory requirements of the Official List.

As described in paragraphs 4 and 5 above, if Shareholders do not approve the Resolutions, the Facility will become repayable in full together with a 200 per cent. premium on the total outstanding monies on 31 December 2008. In this event, the Group would need to arrange alternative financing in order to meet its commitments which the Directors would attempt to source immediately following the EGM. The Company does not have any alternative sources of finance available to it and the Directors currently believe that the Company would be unlikely to be able to obtain alternative sources of financing or, alternative sources of financing on acceptable terms. Should Shareholders not approve the Resolutions, the Directors would also consider sourcing new equity finance whilst the Company is admitted to the Official List. However, in view of the additional time and costs associated with producing a UKLA approved prospectus, the Directors do

not believe this would be in the best interests of Shareholders, when compared to the Proposals. If the Group was unable to complete this additional financing then it would be unable to trade and would become insolvent on 31 December 2008.

Any forward-looking statements in this document reflect the Company's current view (assuming Admission has occurred) with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations and growth strategy. Investors should specifically consider the factors identified in this document which could cause results to differ before making an investment decision. Subject to the requirements of the Listing Rules, the Disclosure and Transparency Rules and the AIM Rules, the Company undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document. Investors should note that the contents of this paragraph relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital on paragraph 5 above.

8. CANCELLATION AND ADMISSION TO AIM

Conditional upon the Resolutions being approved, the Company will give notice to cancel the listing of the Ordinary Shares on the Official List and to remove them from trading on the London Stock Exchange's market for listed securities and will apply to the London Stock Exchange for the admission of the New Ordinary Shares to trading on AIM.

It is anticipated that the last day of dealings on Ordinary Shares on the Official List will be 22 September 2008. Cancellation of the Listing and trading of Ordinary Shares will take effect at 8.00 a.m. on 23 September 2008, being not less than 20 business days following the date of the Extraordinary General Meeting.

It is currently anticipated that Admission will take place and dealings will commence on AIM at 8.00 a.m. on 23 September 2008.

9. CAPITAL REORGANISATION

The Ordinary Shares currently trade at a market price which is below the nominal value of those shares of 10p each. A company may only issue new shares for a subscription price at or above the nominal value of those shares. Therefore, in order to conduct the Placing and to issue any Ordinary Shares pursuant to the terms of the Facility as well as provide flexibility for further issues of shares in the future, it is proposed in Resolution 3 that every authorised but unissued Ordinary Share of 10p in the capital of the Company be sub-divided into ten New Ordinary Shares of 1p each and every issued ordinary share of 10p in the capital of the Company be sub-divided into and reclassified as one New Ordinary Share of 1p and nine Deferred Shares of 1p each. The sub-division is structured in order not to dilute the existing shareholdings in the Company.

The Deferred Shares will have no practical economic value as they will not be listed, will be non-voting, will carry no right to a dividend and will be subject to eventual redemption by the Company for a nominal amount. The proposed rights and restrictions attaching to the Deferred Shares will be set out in the New Articles to be adopted pursuant to Resolution numbered 2 and are summarised at paragraph 1 of Part V of this document. The Capital Reorganisation will take effect on the date of Admission.

The Company's authorised ordinary share capital is £12,510,000 comprising 125,100,000 Ordinary Shares of 10p nominal value each, of which 89,264,299 Ordinary Shares are currently in issue. Following the Capital Reorganisation, the Company's authorised ordinary share capital will remain at £12,510,000. Assuming no further Ordinary Shares are issued between the date of this document and the date on which the Capital Reorganisation becomes effective, other than in connection with the Placing, the issued ordinary share capital will comprise 189,264,299 New Ordinary Shares and 803,378,691 Deferred Shares. The rights attaching to the New Ordinary Shares, including voting and dividend rights, will be the same as the rights attaching to the Ordinary Shares (subject to the terms of the New Articles).

The proposed Capital Reorganisation will not affect the rights attaching to the existing or unissued Ordinary Shares, other than to alter their nominal value. The proposed Capital Reorganisation will not affect the voting

rights of the holders of existing Ordinary Shares and will be made by reference to holdings of existing Ordinary Shares on the register of members as at the close of business on 22 September 2008.

Trading in the New Ordinary Shares is expected to commence on AIM on 23 September 2008. No share certificates will be issued for the Deferred Shares and your existing Ordinary Share certificates will remain valid. For Shareholders who hold shares through the CREST system, credit of existing Ordinary Shares will be not be effected.

No stamp duty or SDRT will be payable in the United Kingdom in respect of the issue (following the Capital Reorganisation) of the New Ordinary Shares.

10. ADOPTION OF NEW ARTICLES OF ASSOCIATION

Conditional upon Resolution 3 being approved, the Company is also proposing to adopt New Articles. The New Articles update the Current Articles, primarily to take account of changes in English company law brought about by the Companies Act 2006, and to reflect the Capital Reorganisation.

The principal changes introduced in the New Articles are summarised in Part V of this document. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006, have not been noted.

A copy of the Current Articles and of the New Articles will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the registered office of the Company (and will also be available for inspection at the Extraordinary General Meeting itself).

11. EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting is set out on page 19 of this document. The Extraordinary General Meeting is to be held on 22 August 2008 at 11.00 a.m. at the offices of KBC Peel Hunt Ltd, 111 Old Broad Street, London EC2N 1PH.

At the Extraordinary General Meeting the following Resolutions will be proposed:

1. Resolution 1, as a special resolution, to approve the cancellation of the Listing and the application for Admission to AIM;
2. Resolution 2, as a special resolution, (conditional upon resolution 3 being passed) to adopt the New Articles;
3. Resolution 3, as an ordinary resolution, (conditional upon Admission) to effect the Capital Reorganisation;
4. Resolution 4, as an ordinary resolution, (which is conditional upon resolutions 1 to 3 being passed and the Placing and Underwriting Agreement becoming unconditional in all respects save for Admission) to authorise the Directors to allot sufficient Ordinary Shares to effect the Placing and repay the Facility, as applicable, and also to allot further shares up to an additional aggregate nominal amount of £713,500.12;
5. Resolution 5, as a special resolution, (which is conditional upon resolutions 1 to 4 being passed and the Placing and Underwriting Agreement becoming unconditional in all respects save for Admission) to empower the Directors, pursuant to section 95(1) of the Act, to allot equity securities on a non pre-emptive basis in respect of the Placing and repayment of the Facility up to an additional aggregate nominal amount of £94,632.15.

Following the passing of the Resolutions, the Capital Reorganisation and Admission, the Company will have an authorised but unissued share capital comprising New Ordinary Shares representing approximately 136.5 per cent. of the New Ordinary Shares in issue at Admission (assuming that no options over Ordinary Shares are exercised between the date of this document and Admission). The Directors believe this will give them sufficient headroom for the foreseeable future.

The passing of Resolution 4 will, following Admission and completion of the Placing, give the Directors authority under section 80 of the Act to allot 96,350,012 New Ordinary Shares, representing approximately 50.9 per cent. of the New Ordinary Shares in issue at Admission share capital (assuming that no options over Ordinary Shares are exercised between the date of this document and Admission) until the expiry of 15 months from the date of the EGM or the date of the next annual general meeting of the Company.

The passing of Resolution 5 will, following Admission and completion of the Placing, give the Directors authority under section 95 of the Act to allot, for cash, up to 9,463,215 Ordinary Shares representing approximately 5 per cent. of the New Ordinary Shares in issue at Admission (assuming that no options over Ordinary Shares are exercised between the date of this document and Admission) without first being required to offer such securities to existing shareholders in accordance with statutory pre-emption rights until the expiry of 15 months from the date of the EGM or the date of the next annual general meeting of the Company.

12. NEW SHARE OPTION PLAN

After Admission to AIM, the Company intends to introduce a new share option plan to supplement the existing ServicePower Technologies plc (Approved) 2000 Share Option Scheme and the ServicePower Technologies plc (Unapproved) 2000 Share Option Scheme to further incentivise employees and directors of the Company. The new share option plan will be subject to shareholder approval as recommended by the Guidance on Share Based Incentive Schemes published by the Association of British Insurers and the Company intends to prepare a separate circular in connection with such approval after the move to AIM.

13. ACTION TO BE TAKEN

You are requested to complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting and to return it to the Company's Registrars, Capita Registrars, (Proxies) The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 48 hours before the date of the Extraordinary General Meeting. The completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

14. CONSENTS

KBC Peel Hunt Ltd has given and not withdrawn its written consent to the issue of this document including references to its name in the form and context in which they appear.

15. IMPORTANCE OF THE VOTE

The Group is not currently in breach of its existing facilities but, if Shareholders do not approve the Resolutions the Directors anticipate that the Group will be in breach of its existing facilities on 31 December 2008, the point at which the Facility falls due for repayment with a 200 per cent. premium on the total outstanding monies. In this event, the Group would need to arrange alternative financing, such as debt financing, in order to meet its commitments which the Directors would attempt to source immediately following the EGM. The Company does not have any alternative sources of finance available to it and the Directors currently believe that the Company would be unlikely to be able to obtain alternative sources of financing or, alternative sources of financing on acceptable terms. Should Shareholders not approve the Resolutions, the Directors would also consider sourcing new equity finance whilst the Company is admitted to the Official List. However, in view of the additional time and costs associated with producing a UKLA approved prospectus, the Directors do not believe this would be in the best interests of Shareholders, when compared to the Proposals. If the Group was unable to complete this additional financing then it would be unable to trade and would become insolvent on 31 December 2008.

16. RECOMMENDATION

The Board considers that the proposed cancellation of the Listing and admission to trading on AIM, the Placing (including the requisite authorities to allot New Ordinary Shares on a non pre-emptive basis), the Capital Reorganisation and the adoption of the New Articles are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions as they intend to do in respect of their own holdings, which in aggregate amount to 10,489,201 Ordinary Shares representing approximately 11.75 per cent. of the total voting rights in the Company and are included in the aggregate irrevocable undertakings received of 35 per cent. of total voting rights referred to in paragraph 4 above.

Yours faithfully,

Lindsay Bury
Chairman

PART V

Explanatory notes of principal changes to the Company's articles of association

1. Share Capital

The Company's existing Ordinary Shares are to sub-divided and reclassified into New Ordinary Shares and Deferred Shares upon Admission to AIM as described at paragraph 9 of Part IV of this document.

The Current Articles have therefore been amended to reflect these changes in the structure of the Company's share capital and certain events that have occurred in the Company's past (such as the redemption of preference shares) and the following is a summary of the subordinated the rights of the Deferred Shares:

- (a) the Deferred Shares shall carry no right to receive any dividend or other distribution in respect of any financial year or other period of the Company;
- (b) on any return of capital whether on a winding up or reduction of capital or otherwise, the holders of the Deferred Shares shall be entitled to receive the amount paid up or credited as paid up on their respective holdings of Deferred Shares but only after there has been paid on each New Ordinary Shares the nominal amount paid up on such share plus a further sum of £100,000, but the holders of the Deferred Shares shall not be entitled to participate further in any distribution of the assets or the capital of the Company;
- (c) the holders of the Deferred Shares shall have no right to receive notice of or to attend or to vote or to speak either in person or by proxy at any general meeting or class meeting of the Company;
- (d) notwithstanding any other provisions of the New Articles, the holders of the Deferred Shares shall have no right to transfer any Deferred Shares except to the Company or to such persons as the Company may determine;
- (e) notwithstanding any other provision of the New Articles, the holders of the Deferred Shares shall have no right to receive a certificate in respect of their holding;
- (f) neither the passing by the Company of any special resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of capital requiring the confirmation of the court nor the obtaining by the Company nor the making by the court of any order confirming any such reduction of capital nor the making effective of such order shall constitute a modification, variation or abrogation of the rights attaching to the Deferred Shares will require the sanction of the holders of the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction in capital effected in accordance with the Companies Act 2006 without sanction on the part of the holders of the Deferred Shares; and
- (g) the creation or issue of Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of any holder or holders of such shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holder thereof, to such persons as the Company may determine as custodian thereof and to cancel the same (in accordance with the provisions of the Companies Act 2006) without making any payment to or obtaining the sanction of the holder or holders thereof and pending such transfer and/or cancellation to retain the certificate, if any, for such shares and to do all things necessary or desirable to give effect to such transfer or purchase. The Company may, at its option at any time, purchase all or any of the Deferred Shares then in issue, at a price not exceeding one penny for each holding of the Deferred Shares so purchased.

2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below, together with certain other proposed changes.

3. Form of resolution

The Current Articles contain provisions that certain actions to be taken require an extraordinary resolution. Such provisions are being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. These provisions have, therefore, been amended in the New Articles to state that a special resolution is required instead.

4. Variation of class rights (article 14, New Articles)

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have, therefore, been removed in the New Articles.

5. Convening extraordinary and annual general meetings (article 39, New Articles)

The provisions of the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, an extraordinary general meeting to consider a special resolution can now be convened on 14 days' notice, whereas previously 21 days' notice was required. The New Articles reflect this change.

6. Votes of members (articles 51, 57, 58 and 59, New Articles)

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas, under the Current Articles, proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed, provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions. Provision for the use of uncertificated proxy instructions have also been added.

7. Age of directors on appointment (Article 63, Current Articles)

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

8. Conflicts of interest (Articles 85 – 87, New Articles)

The Companies Act 2006 sets out directors' general duties, which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with a company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles

give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

9. Records to be kept (Article 145, Current Articles)

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

10. Electronic and web communications (Article 148, New Articles)

Provisions of the Companies Act 2006, which came into force in January 2007, enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him/her by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

11. Distribution of assets otherwise than in cash (Article 158, Current Articles)

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

12. Provision for employees on cessation of business (Article 158, New Articles)

The Companies Act 2006 provides that the powers of the directors to make provision for a person employed or formerly employed by a company in connection with the cessation or transfer to any person of the whole or part of the undertaking of a company, may be exercised by the directors or by a company in general meeting. However, if the power is to be exercised by the directors, the articles of association must include a provision to this effect.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ServicePower Technologies plc

Registered in England and Wales No: 03941006
(the "Company")

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the above-named Company will be held at 11.00 a.m. on 22 August 2008 at the offices of KBC Peel Hunt Ltd, 111 Old Broad Street, London EC2N 1PH for the purpose of considering and, if thought fit, passing the following resolution(s):

SPECIAL RESOLUTIONS

1. THAT the Company cancel the listing of its ordinary shares on the Official List of the United Kingdom Listing Authority and apply for admission to AIM, a market operated by London Stock Exchange plc ("AIM").
2. THAT, conditional upon resolution 3 being passed, the Company adopt new articles of association in substitution for and to the exclusion of the existing articles of association, in the form presented at the meeting.

ORDINARY RESOLUTIONS

3. THAT, subject to and conditional upon the admission of the ordinary shares in the capital of the Company to AIM becoming effective:
 - (a) every authorised but unissued ordinary share of 10p in the capital of the Company be and it is subdivided into ten ordinary shares of 1p each;
 - (b) every issued ordinary share in the capital of the Company be and it is sub-divided into and reclassified as one ordinary share of 1p and nine deferred shares of 1p each, such deferred shares having the rights and being subject to the restrictions set out in the new articles of association of the Company to be adopted by the Company pursuant to Resolution 2.
4. THAT, subject to and conditional upon the Placing and Underwriting Agreement (as defined in the Circular to shareholders of the Company dated 30 July 2008 (the "**Circular**")) becoming unconditional in all respects (save for Admission) and the passing of resolutions 1 to 3 being passed, in substitution for all existing authorities to the extent unused, the directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (as amended) (the "**Act**") to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act):
 - (a) pursuant to the Placing (as defined in the Circular) up to an aggregate nominal amount of £1,000,000;
 - (b) in order to repay the Facility (as defined in the Circular) up to an aggregate nominal amount of £250,000; and
 - (c) otherwise than in connection with the Placing or repayment of the Facility up to an aggregate nominal amount of £713,500.12,

provided that such authorities shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this resolution and the date falling 15 months after the passing of this resolution and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and in this resolution the expression "relevant securities" and references to the allotment of any relevant securities shall bear the same respective meanings as in section 80 of the Act.

SPECIAL RESOLUTIONS

5. THAT, subject to and conditional upon the Placing and Underwriting Agreement becoming unconditional in all respects (save only for Admission) and to resolutions 1 to 4 being passed, pursuant to section 95 of the Act and in substitution for all existing authorities under that section, the directors of the Company be and are hereby empowered to allot equity securities (within the meaning of sections 94(2) to 94(3A) of the Act) for cash pursuant to the authority conferred by resolution 4 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities up to an aggregate nominal amount of £1,000,000 in connection with the Placing;
- (b) the allotment of equity securities up to an aggregate nominal amount of £250,000 in connection with the repayment of the Facility;
- (c) any allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of Ordinary Shares where the equity securities respectively attributable to the interests of all holders of Ordinary Shares are proportionate (as nearly as maybe) to the respective numbers of Ordinary Shares held by them, subject to such exclusions and other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever; and
- (d) any allotments (otherwise than pursuant to sub-paragraphs (a) or (b) above) of equity securities up to an aggregate nominal value not exceeding £94,632.15,

and (unless previously revoked, varied or renewed) this power shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this resolution and the date falling 15 months after the passing of this resolution, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the directors of the Company may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired.

Dated: 30 July 2008

Registered office:

Petersgate House
St Petersgate
Stockport
Cheshire
SK1 1HE

By order of the Board

Sally Ann Gillings
Secretary

NOTES: In addition to the notes set out below an explanation of the resolutions is set out in the Circular (of which this notice forms part) and additional notes governing appointment of proxies are set out in the form of proxy.

- (1) A member entitled to attend and vote at the meeting of which the foregoing gives notice is entitled to appoint a proxy to attend, speak and vote in his or her place. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting.
- (2) A form of proxy is enclosed for use at the meeting.
- (3) To be valid, the form of proxy must be completed and deposited (together with any power of attorney or other written authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors) at the Company's Registrars, Capita Registrars,

(Proxies) The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 48 hours before the time appointed for the meeting.

- (4) In order to facilitate voting by corporate representatives at the 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 and the chairman 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. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administration on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
- (5) In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6:00pm on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6:00pm on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.
- (6) As at 29 July 2008, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 89,264,299 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 29 July 2008 are 89,264,299.
- (7) Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

