

STATEMENT

CATTLES PLC

On 18 December 2008 an announcement was made publicly by the Company, and thus with the tacit approval of its non executive directors and members of its audit committee, that **“trading results in line with expectations for 2008”** and **“our operating model is proving robust and arrears and impairments are within reasonable tolerances”**.

Nothing could have been further from the truth as it subsequently emerged, in dribs and drabs, that the impairment policies published, and much vaunted by the company, had not been applied correctly, allegedly as a result of executive directors and senior employees having caused incorrect information to be given to non executive directors and auditors, both internal and external, for a number of years.

Trading in the shares of the company and its 6.875% Bonds and 7.125% Bonds was suspended on 23 April 2009 with resumption of trading appearing unlikely.

At an Extraordinary General Meeting of the Company held on 16th December 2009 it was asserted by the Directors that the company was insolvent and that the shares in the company were of little or no value.

They would not, however, consider their positions as requested by an elderly gentleman whose family had lost over £80,000, nor would they allow shareholders to see the minutes of meetings they said vindicated their actions.

The rapid decline and extinguishment of significant shareholder value (from £595.3 million at 31.12.07) has been presided over by a board of executives who have been dismissed (or resigned) and non executives of whom only the former Chairman has resigned.

Shareholders were aware that the non executives were supposed to be of high quality with significant experience in the world of high finance: Norman Broadhurst- the ex chairman is a chartered accountant and was (inter alia) a former finance director of Railtrack; Margaret A Young is a chartered accountant with previous history of high office in banks; David A Haxby is an accountant former managing partner in Arthur Andersen (formerly accountants). Messrs Dee and McWalter hold appointments with other companies, as does Mr Haxby and did Mr Broadhurst.

Despite the seeming quality of the credentials these directors have markedly failed to discharge their responsibilities; both in audit committee in ensuring that internal and external audits were proper and not subject to fundamental flaws; and since the departure of executives in preserving shareholder value.

What is worst of all, from shareholders standpoint, is that this has all gone on with the bare minimum of information being given to shareholders and requests for information from them being rebuffed.

Meanwhile Banks and bondholders “principal financial creditors” have been favoured by information as to the affairs of the company which has been denied to the shareholders.

It would appear that public documents issued by the company for at least the last 2, and probably at least 7, years have been incorrect if they have not properly accounted for impairments.

This incorrect documentation has led to shareholders who relied upon it making significant capital losses which they cannot crystallise until the shares are declared of nil value.

The law does not appear to provide for any remedy to be available to ordinary shareholders against either the company (and its officers) or the auditors concerned.

The law might provide a remedy to shareholders who subscribed for shares in the rights issue of 2008 and for bondholders who also subscribed on the basis of prospecti.

Resolutions are proposed which are designed to put the chairman and non executive directors onto their consciences to resign because they have failed the shareholders. I, and other shareholders, am angry that these people draw their “stipends” for apparently doing nothing effective and certainly not protecting shareholder value.

The remedies which might be available to the company must be thoroughly and properly investigated in the hope that funds can be recovered which will benefit the company and, in turn, possibly provide some restoration of capital of the company.

There is no trust that the current Board are equipped, capable or willing to be diligent and thorough in their search for remedies and thus it is proposed that new director(s) be appointed charged with that task.

Throwing undisclosed amounts of money at “magic circle” solicitors and Big Accountants has achieved nothing that the shareholders can see of substance.

There is fear that the remaining assets of the Company will be siphoned off to the benefit of “key financial creditors” without shareholders being aware until too late.

Inertia amongst small shareholders, who have written off their losses mentally, must not be allowed to enable those responsible to get away with it.

In a week over 200 shareholders have joined together to express their concerns to cattlesshares.co.uk.

Institutional shareholders need to sit up and take notice that the losses which have been seen here were preventable by proper non executive supervision and the cosy coterie of non executive directors favoured by the city just cannot continue.

We who support the proposition of the resolutions recognise that inertia and the fact that the chairman, Ms Young will be likely to receive a majority of proxy votes, are likely to combine to see the propositions defeated.

That would be a shame for democracy and the “rights” of shareholders.

We urge shareholders, private and institutional, to recognise that something needs to be done and for them to exercise their votes in respect of the resolutions after due consideration.

There is an alternative to the chairman of the meeting as proxy including IAN BARRY DEARING, the proposer of the resolutions and sponsor of the website www.cattlesshares.co.uk upon which useful information might be found.

Most private shareholdings are now held through nominee accounts with banks, stockbrokers and the like. It would be most helpful if those institutions notified their clients that there is this movement to try and give shareholders some say and that they can instruct the institution how to exercise the votes in respect of their shares.

Ian B Dearing supported by others