

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 immediately. If you have sold or otherwise transferred all of your ordinary shares of 5p each in the capital of Tarsus Group plc (“Ordinary Shares”), you should send this document, together with the accompanying Form of Election or Statement of Entitlement, to the purchaser or transferee or the person who sold or transferred the Ordinary Shares for you. That person can then pass these on to the new owner of the Ordinary Shares. However, except as set out in this document, those documents should not be forwarded to or sent in, into or from the United States, Canada, Australia or the Republic of Ireland.

If you wish to receive the full amount of the dividend in cash and a scrip dividend mandate is not in force in respect of your holding, or if you hold fewer than 88.7272 Ordinary Shares, or if you have already given, and not revoked, a scrip dividend mandate and you wish to receive the dividend in fully paid Ordinary Shares, you should take no further action.

## Tarsus Group plc

*Incorporated and registered in England and Wales – No. 2000544*

*Directors:*

Neville Buch – *Executive Chairman*  
Douglas Emslie – *Managing Director*  
Neil Jones – *Finance Director*  
Bernard Becker – *Executive Director*  
Roger Pellow – *Executive Director*  
Robert Ware – *Non-executive Director*  
Hugh Scrimgeour – *Non-executive Director*

*Registered and head office:*

4th Floor  
The Metro Building  
1 Butterwick  
Hammersmith  
London W6 8DL

20 March 2007

To Shareholders and, for information only, to Optionholders

Dear Shareholder

### **Scrip Dividend Alternative to the Final Dividend of 2.75p cash per Ordinary Share**

I am pleased to be able to advise you that your board of directors (the “Board”) has decided that the holders of Ordinary Shares entitled to receive the proposed Final dividend of 2.75p per Ordinary Share (“the Dividend”) for the year ended 31 December 2006 should be given the opportunity to elect to receive all or part of that dividend in the form of fully paid Ordinary Shares instead of cash. This circular contains the information you will need to decide whether you want to receive all or part of the Dividend in the form of fully paid Ordinary Shares instead of cash.

An ordinary resolution authorising the Directors to offer holders of Ordinary Shares the opportunity to elect to receive fully paid Ordinary Shares instead of a cash dividend was passed by shareholders at the Extraordinary General Meeting of Tarsus Group plc (the “Company”) held on 29 April 2002. At the Annual General Meeting of the Company to be held on 18 April 2007 an ordinary resolution is to be put to shareholders to renew this authority for a further five years.

On 1 March 2007 the Board resolved to declare the Dividend which will be payable on 27 April 2007 to the holders of Ordinary Shares who were on the register at the close of business on 9 March 2007.

Holders of Ordinary Shares who so elect, will receive one new fully paid Ordinary Share for every 88.7272 Ordinary Shares then held by them, instead of the full cash dividend on those shares. Election may only be made in respect of a multiple of 88.7272 Ordinary Shares. No shareholder shall receive a fraction of a new Ordinary Share and any residual cash entitlement will be carried forward to the next dividend to minimise the administrative cost to the Company of sending out a large number of cheques for relatively small amounts.

This entitlement has been calculated on the basis of the average of the middle market quotations for the Ordinary Shares derived from the London Stock Exchange Daily Official List for the five dealing days commencing on 7 March 2007 (the ex-dividend date). **The price for each new Ordinary Share calculated on this basis is 244p.**

For holders of Ordinary Shares who wish to receive dividends in the form of fully paid Ordinary Shares rather than in cash on future occasions when a scrip dividend alternative is offered, the Company operates a Mandate Scheme, details of which are set out in Part 3 of the Appendix to this circular. If you have already given, and not revoked, a scrip dividend mandate, you will find enclosed with this circular a "Statement of Entitlement" detailing the number of Ordinary Shares which will automatically be allotted to you instead of a cash dividend.

For holders of Ordinary Shares who have not already given a scrip dividend mandate, a Form of Election is enclosed with this circular. **If you wish to receive Ordinary Shares in lieu of the Dividend in respect of all or part of your shareholding, the Form of Election should be completed and returned to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, so as to be received by them not later than 3.00 p.m. on 12 April 2007.** If you wish to receive the whole of the Dividend in cash, or if you hold fewer than 88.7272 Ordinary Shares, you should not take any further action whatsoever.

The scrip dividend offer gives holders of Ordinary Shares the opportunity to increase their shareholding in the Company without paying any dealing costs or stamp duty. **Whether or not you decide to elect to receive Ordinary Shares in lieu of cash will, of course, depend upon your own circumstances. If you are in any doubt as to the action you should take, you are strongly advised to take professional advice.**

If all holders of Ordinary Shares eligible to receive the Dividend were to decide to receive the Dividend in cash, the total cash dividend payable by the Company would be approximately £1,623,075 in respect of which the applicable tax credit available to shareholders would be approximately £180,341 (on the assumption that the recipients of such Dividend are companies or other persons resident in the United Kingdom). If, instead, all holders of Ordinary Shares, eligible to do so, were to elect to receive the Dividend in the form of fully paid Ordinary Shares, approximately 665,195 Ordinary Shares would be issued (ignoring any reduction in respect of fractions) representing an increase of approximately 1.11 per cent. in the Company's issued Ordinary Share capital.

**Further details of the scrip dividend alternative, an outline of the taxation consequences and details of the Mandate Scheme are set out in the Appendix to this circular and should be read carefully.**

Yours faithfully

N D Buch  
Executive Chairman

## 2 Appendix

### Details of the Scrip Dividend Alternative

#### Part 1 General Information

##### 1 Terms of the scrip dividend alternative

Holders of Ordinary Shares who were on the register at the close of business on 9 March 2007 may elect to receive one new Ordinary Share, credited as fully paid, for every 88.7272 Ordinary Shares registered in their names on that date, in place of the proposed cash dividend of 2.75p per Ordinary Share (the “full cash dividend”).

The election may be made by holders of Ordinary Shares in respect of all or part of their holding of Ordinary Shares. The right to elect is not transferable.

The election should be in respect of the number of existing Ordinary Shares in respect of which you wish to elect to receive new Ordinary Shares instead of cash. The full cash dividend will be paid in respect of the non-elected balance of your existing Ordinary Shares.

The new Ordinary Shares will, on allotment, be credited as fully paid and will thereafter rank for future dividends and in all other respects *pari passu* with the existing issued Ordinary Shares subject to the Memorandum and Articles of Association of the Company.

##### 2 Fractions

No holder of Ordinary Shares may receive a fraction of a new Ordinary Share and the residual cash entitlement will be carried forward in a non-interest bearing account, and will be applied in payment upon the allotment of further new Ordinary Shares when a share dividend alternative is next offered if sufficient funds are available in the account or added to the next cash dividend payable to the relevant shareholder (at the option of the Company).

##### 3 Basis of allotment

The entitlement of one new Ordinary Share for every 88.7272 Ordinary Shares registered in a shareholder’s name at the close of business on 9 March 2007 has been calculated on the basis of a dividend of 2.75p per Ordinary Share (excluding the associated tax credit) and a price for each new Ordinary Share of 244. This price is the average of the middle market quotations for the Company’s Ordinary Shares derived from the London Stock Exchange Daily Official List for the five trading days commencing on 7 March 2007, being the date on which the Ordinary Shares were first quoted ex-dividend. The price for each new Ordinary Share together with any residual cash entitlement to which a shareholder may be entitled corresponds to the full cash dividend.

##### 4 Taxation

The taxation consequences of an election to receive new Ordinary Shares in lieu of the full cash dividend depend on shareholders’ individual circumstances. A summary of the likely tax consequences for United Kingdom shareholders is set out in Part 2 of this Appendix. **If you are in any doubt as to your tax position, you should consult your professional adviser before taking any action.**

##### 5 How to make the election

If you hold 88.7272 or more Ordinary Shares and you wish to receive new Ordinary Shares instead of a cash dividend in respect of all or any part of your holding and there is no current scrip mandate in force in respect of your holding, you should complete the enclosed Form of Election and send it to the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, so as to reach them not later than 3.00 p.m. on 12 April 2007. No acknowledgement of receipt of Forms of Election will be given. If the Form of Election is not received by the Company’s registrars by the time and date stated, the full cash dividend will be paid in respect of all the Ordinary Shares which you hold.

If, on the Form of Election, you do not specify the number of existing Ordinary Shares on which you wish to elect in Box 4, then you will be deemed to have elected to receive the number of new Ordinary Shares specified in Box 2, being the maximum number of Ordinary Shares which can be allotted to you in respect of the number of Ordinary Shares registered in your name(s) as at the close of business on 9 March 2007.

If you wish to receive the whole of the proposed dividend in cash and a scrip dividend mandate is not in force in respect of your holding, or if you hold fewer than 88.7272 Ordinary Shares, or if you have already given, and not revoked, a scrip dividend mandate and you wish to receive the proposed dividend in fully paid Ordinary Shares, you should not take any further action whatsoever. If you have already given, and not revoked, a scrip dividend mandate, and you wish to receive the proposed dividend in cash, you should follow the instructions set out in the Statement of Entitlement in order to revoke your mandate. If your mandate has not been revoked by 3.00 p.m. on 12 April 2007, you will receive Ordinary Shares in respect of the proposed dividend.

6

#### **Overseas shareholders**

It is the responsibility of any shareholder wishing to elect to receive new Ordinary Shares to satisfy himself as to full observance of the laws of any relevant territory in connection with such election, including obtaining any requisite governmental or other consent or approval, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Shareholders who are in any doubt as to their position should consult a professional adviser.

No person receiving this circular and/or Form of Election in any territory other than the UK may treat it as constituting an invitation or offer to elect to receive any new Ordinary Shares, nor should he in any event use such Form of Election unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Form of Election could lawfully be used by him without contravention of any registration or other regulatory or legal requirement. In such circumstances, this circular and/or the Form of Election and/or Statement of Entitlement are sent for information only, are confidential and should not be copied or distributed.

The Company (acting in its absolute discretion) reserves the right to reject any election made for new Ordinary Shares made by or on behalf of a person outside the UK or if it appears that the election may constitute a breach of any relevant securities legislation. Notwithstanding any other statement in this circular, the Company reserves the right to permit a shareholder to take up new Ordinary Shares if the Company is satisfied (acting in its absolute discretion) that such action would not result in contravention of any applicable legal or regulatory requirements.

This circular has not been submitted to the clearance procedures of any authorities and the new Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any State of the United States of America and they are not being offered in the United States of America and its territories and possessions, in Canada or in Australia, its states, territories or possessions or in the Republic of Ireland.

7

#### **If you have recently bought Ordinary Shares**

If you bought Ordinary Shares before 7 March 2007 (the date on which the quotation for such shares became ex-dividend) but this had not been recorded on the register at the close of business on 9 March 2007 and you wish to elect to receive new Ordinary Shares instead of a cash dividend, you should consult your stockbroker or agent without delay. If no Form of Election is received in respect of those shares, you will only be entitled to receive the cash dividend.

8

#### **If you have sold Ordinary Shares**

If you have sold all or some of your holding of Ordinary Shares before 7 March 2007 (the ex-dividend date), but those shares are included in the number shown in Box 1 on your Form of Election or Statement of Entitlement you should consult your stockbroker or agent without delay. Your stockbroker or agent will then advise you as to what action you should take. If you have sold all of your holding of Ordinary Shares you should pass this circular and the accompanying Form of Election or Statement of Entitlement to the purchaser or transferee or the person who sold or transferred the Ordinary Shares for you. That person can then pass these on to the new owner of the Ordinary Shares. **However, except as set out above, those documents should not be taken, forwarded to or sent or distributed in, into or from the United States, Canada, Australia or the Republic of Ireland.**

## Delivery and listing of the new Ordinary Shares

Application will be made to the UK Listing Authority and London Stock Exchange plc (the “London Stock Exchange”) for admission of the new Ordinary Shares to, respectively, the Official List of the UK Listing Authority (the “Official List”) and to trading on the London Stock Exchange’s market for listed securities. The new Ordinary Shares will be in registered form, will on issue rank *pari passu* in all respects with the existing issued Ordinary Shares and will rank for all future dividends subject to the Memorandum and Articles of Association of the Company. Subject to admission to the Official List and to trading on the London Stock Exchange’s market for listed securities, holders of Ordinary Shares who hold their existing Ordinary Shares in certificated form on 9 March 2007 (the record date) will be posted share certificates for the new Ordinary Shares at their own risk on 27 April 2007, the date on which such shares shall be allotted and issued.

Shareholders who hold their existing Ordinary Shares in uncertificated form on 9 March 2007 (the record date) will be allotted and issued their new Ordinary Shares as uncertificated shares on 27 April 2007, unless the Company is unable to do so under the provisions of the Uncertificated Securities Regulations 2001 (SI 01/3755) or the facilities and requirements of CREST, in which case such shares shall be issued as certificated shares and share certificates will be posted as above.

Where new Ordinary Shares are issued as uncertificated shares, the Company will procure that CRESTCo Limited is instructed to credit the shareholder’s stock account in CREST with such shareholder’s entitlement to new Ordinary Shares. The stock account will be an account under the same participant ID and member account ID as the Ordinary Shares from which the new Ordinary Shares are derived.

The new Ordinary Shares are expected to be admitted to the Official List and dealings in the new Ordinary Shares are expected to begin on 27 April 2007. In the unlikely event that the new Ordinary Shares are not admitted to the Official List and to trading on the London Stock Exchange’s market for listed securities, Forms of Election and existing scrip dividend mandates will be disregarded and the full cash dividend will be paid in the usual way.

## General

Further copies of this circular and duplicate Forms of Election and Statements of Entitlement may be obtained from the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU from the date of this circular up to and including 12 April 2007.

## Part 2 Taxation

### Introduction

The tax effect for a holder of Ordinary Shares making an election to receive new Ordinary Shares instead of a cash dividend will depend upon the personal circumstances of that shareholder. Set out below is a summary of the likely tax consequences for United Kingdom resident holders of Ordinary Shares of making an election under current United Kingdom legislation. This summary is based on law and practice in relation to the tax year 2006-2007.

**This summary of the likely taxation treatment is not exhaustive and does not consider the position of any holder of Ordinary Shares not resident in the United Kingdom for tax purposes or special classes of shareholders such as employees or office holders. If you are in any doubt as to your position, you are strongly advised to consult your professional adviser before taking any action.**

### UK Resident Individuals

Where individuals elect to take new Ordinary Shares instead of a cash dividend, they will be treated as having received gross income of an amount which, when reduced by income tax at the rate of 10 per cent. is equal to the cash dividend (“the cash equivalent”) which would have been received had they not elected to take up new Ordinary Shares, subject as mentioned in paragraph 6 of this Part 2. For example, if an individual takes new Ordinary Shares worth £90 instead of a cash dividend of £90, he will be treated as receiving gross income of £100 and as having paid income tax of £10.

Individuals, who (after taking into account their receipt of new Ordinary Shares) pay income tax at a rate no higher than the basic rate, will have no further liability to tax in respect of the receipt of new Ordinary Shares.

Individuals, whose total income for tax purposes (after taking into account the gross amount of income which they are treated as having received as mentioned above) exceeds the threshold for the higher rate of income tax will be liable to tax at the dividend upper rate (32.5 per cent. in 2006-2007) on the gross income which they are treated as having received as described above to the extent that such income exceeds the threshold for higher rate income tax. Thus, in the above example, the individual will be liable to tax of £32.50 (i.e. £100 at 32.5 per cent.) less £10 tax treated as having been paid, leaving him with a net tax liability of £22.50 still to pay. For this purpose, dividend income is treated as the top slice of an individual's income.

For capital gains tax purposes, if an election to receive new Ordinary Shares instead of a cash dividend is made, the new Ordinary Shares will be treated as having been acquired for a consideration equal to the cash equivalent, subject as mentioned in paragraph 6 of this Part 2.

3

### **UK Resident Trustees**

Where trustees of accumulation and discretionary trusts who are liable to pay income tax on dividends at the dividend trust rate (32.5 per cent. in 2006-2007) elect to receive new Ordinary Shares instead of the cash dividend, the same grossing up procedure as outlined above for individuals will apply in computing dividend income subject to such tax. For example, if such trustees received new Ordinary Shares worth £90 instead of a cash dividend of £90, they would be treated as having received gross income of £100 and as having paid tax of £10. Accordingly, they will have a further tax liability of £22.50.

Where a beneficiary of a trust is entitled as of right to the income of the trust, and the trustees elect to receive new Ordinary Shares instead of the cash dividend, that beneficiary is liable to tax as though he held the Ordinary Shares in his own name, as outlined in paragraph 2 of this Part 2.

For capital gains tax purposes, if an election to receive new Ordinary Shares instead of a cash dividend is made, the new Ordinary Shares will be treated as having been acquired for a consideration equal to the cash equivalent subject as mentioned in paragraph 6 of this Part 2.

4

### **UK Resident Companies**

New Ordinary Shares received by corporate shareholders instead of a cash dividend will not be treated as franked investment income of such shareholders for corporation tax purposes. Corporation tax will not be chargeable on the new Ordinary Shares issued instead of the cash dividend. For the purposes of corporation tax on capital gains, the receipt of new Ordinary Shares will be treated as a bonus issue and accordingly the new Ordinary Shares will be treated as having been acquired as and when the existing shares in the enlarged holding were acquired and no consideration will be treated as given for the new Ordinary Shares.

5

### **UK Resident Gross Funds, Charities, Heritage Bodies and Scientific Research Organisations**

No repayment claims can be made in respect of a receipt of new Ordinary Shares.

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### **Opening value**

Where the market value of the new Ordinary Shares on the first day of dealings on the London Stock Exchange (the "Opening Value") differs substantially (i.e. 15 per cent. or more above or below) from the cash equivalent of one new Ordinary Share, HM Revenue & Customs will substitute that Opening Value as the cash equivalent for the purpose of calculating any taxes due. If this occurs, holders of Ordinary Shares will be sent a notice of the revised valuation which they should keep with their share certificate(s). This revised value is used for both income tax and capital gains tax purposes, but basic rate tax payers would have no further income tax liabilities.

7

### **Cash element**

The portion of the full cash dividend received by a holder of Ordinary Shares in the form of cash will be treated as a conventional dividend payment for tax purposes.

**6**  
**Part 3**  
**The Mandate Scheme**

1                   **Introduction**

A mandate scheme (the “Mandate Scheme”) has been introduced for the convenience of those holders of Ordinary Shares who wish to elect automatically to receive fully paid Ordinary Shares instead of cash in respect of all future dividends to which they may be entitled if, and to the extent that, a scrip dividend alternative is offered. If there is a current scrip dividend mandate already in force in respect of your holdings then you need not take any further action unless and until you wish to cease to receive dividends in the form of fully paid Ordinary Shares.

The Mandate Scheme is entirely optional, but any mandate given will remain valid in respect of all dividends declared if, and to the extent that, a scrip dividend alternative is offered, unless or until revoked or terminated in accordance with paragraph 7 of this Part 3 or unless or until the Mandate Scheme is terminated in accordance with paragraph 8 of this Part 3.

2                   **Completing a mandate**

In order to elect to receive fully paid Ordinary Shares instead of cash in respect of all future dividends declared and to which you may be entitled, if and to the extent that a scrip dividend alternative is offered, you should place an ‘X’ in Box 5 of the enclosed Form of Election and return it to the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, so as to be received by them not later than 3.00 p.m. on 12 April 2007. If a Form of Election is not received by 3.00 p.m. on 12 April 2007, the full cash dividend will be paid in cash in the usual way and the mandate, once received by the Company’s registrars, will be effective for future dividends in respect of which a scrip dividend alternative is offered provided that in relation to the first such dividend the Form of Election will only be valid if it is returned to the Company’s registrars before the latest time by which holders of Ordinary Shares must return Forms of Election in order to receive that dividend in the form of fully paid Ordinary Shares.

3                   **Basis of allotment**

The number of Ordinary Shares which a holder of Ordinary Shares will be entitled to in respect of future dividends in relation to which a scrip dividend alternative is offered will be calculated by reference to the cash dividend per Ordinary Share which is payable by the Company and the relevant price for each new Ordinary Share being the average of the middle market quotations for the Company’s Ordinary Shares derived from the London Stock Exchange Daily Official List for the five trading days on which the Ordinary Shares to which such dividend relates are first quoted ex-dividend.

4                   **Fractions**

A holder of Ordinary Shares who implements a scrip dividend mandate will not receive a fraction of a new Ordinary Share in respect of any future dividend in respect of which a scrip dividend alternative is offered. Any residual cash entitlement after the calculation of the number of new Ordinary Shares to be issued will be carried forward in a non-interest bearing account, and will be applied in payment upon the allotment of further new Ordinary Shares when a share dividend alternative is next offered if sufficient funds are available in the account or added to the next cash dividend payable to the relevant shareholder (at the option of the Company).

5                   **Mandates to be for entire holdings of Ordinary Shares**

Mandates in respect of future dividends will be accepted only for elections in respect of a shareholder’s entire holding of Ordinary Shares as at the record date of the relevant future dividend.

6                   **Procedure**

Holders of Ordinary Shares who implement a scrip dividend mandate will receive prior to the payment of each dividend a scrip dividend entitlement advice setting out the basis of their entitlement to new Ordinary Shares.

**7 Revocation and termination of a mandate**

A holder of Ordinary Shares may revoke a mandate previously made by him by giving notice in writing to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, at any time. Such notice will take effect upon its receipt by the Company's registrars in respect of all dividends payable on or after the date of receipt of such notice, other than in respect of a dividend for which a scrip dividend alternative has been offered and for which the latest time by which holders of Ordinary Shares must complete Forms of Election in order to receive that dividend in the form of fully paid Ordinary Shares has passed. In order to revoke a mandate for the purposes of this scrip dividend alternative, notice must be given to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. This notice must be received by the Company's registrars no later than 3.00 p.m. on 12 April 2007. A mandate will terminate automatically with effect from the date of registration of the transfer, if a holder of Ordinary Shares sells or otherwise transfers all of his/her Ordinary Shares to another person. A mandate will also terminate on the date of notification of the death of a holder of Ordinary Shares, unless that shareholder's Ordinary Shares were held jointly.

**8 Modification or termination of the Mandate Scheme**

The Mandate Scheme may be modified or terminated at any time by the Company on giving not less than three months' notice in writing to holders of Ordinary Shares. In the case of any modification, mandates then in effect will be deemed to remain valid under the Mandate Scheme as modified.

**9 Directors' discretion**

The operation of the Mandate Scheme is subject to the Directors' decision to offer a scrip dividend alternative in respect of any dividend declared. If the Directors decide at their discretion not to offer a scrip dividend alternative in respect of any particular dividend, such dividend will be paid in cash in the usual way. The Mandate Scheme and any future scrip dividend alternative is and will be offered subject to the conditions which apply to the relevant corresponding cash dividend, such as approval by shareholders of a final dividend, and any other applicable legal or regulatory requirements.