

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### Formalities of the Meeting

Shareholders who are unable to attend the meeting in person may appoint a proxy to attend in their place. A proxy need not be a shareholder of the Company. A proxy form, including details of how to complete it, is enclosed with the Notice of Meeting for this purpose.

### Re-election of Directors (resolutions 1 and 2)

The Company's Directors retire by rotation at intervals of no more than three years. This year Jon Smith, the Chief Executive, and Richard Hughes, the Group Managing Director, both retire by rotation and, being eligible, offer themselves for re-election.

Biographical details of each Director can be found on pages 34 and 35 of the Annual Report and Accounts 2006, and on the Company's website at [www.firstartist.com/investors](http://www.firstartist.com/investors).

### Directors' authority to issue shares (resolution 3)

Renewal of this authority is sought at the AGM each year. Section 80 of the Companies Act 1985 provides that the Directors may not issue new shares without shareholder approval. The purpose of this resolution, therefore, is to give the Directors the authority to issue new shares, subject to the stated limits.

### Disapplication of pre-emption rights (resolution 4)

Renewal of this authority is sought at the AGM each year. Under the Companies Act 1985 shareholders have 'rights of pre-emption' in relation to the issue of new shares; that is to say, the shares must be offered first to the existing shareholders in proportion to their holdings. Under Section 89 of the Act, the Directors require the authority of the shareholders if they wish to disapply these rights.

In the case of a rights issue, there could be legal, regulatory or practical difficulties in issuing new shares to some shareholders, and part (a) of this resolution permits the Directors to make the appropriate exclusions or arrangements to deal with this.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to issue shares to another party or parties without first offering them to existing shareholders, for example, to finance a business opportunity. Part (b) of this resolution gives them authority to do so, up to the stated limits.

### Company's authority to purchase its own shares (resolution 5)

Renewal of this authority is sought at the AGM each year. The Directors believe that it is advantageous for the Company to have the flexibility to purchase its own shares, and this resolution provides the authority from shareholders for it to do so, within the stated limits.

The Directors have no present intention to buy in shares, and will only do so if it becomes possible on terms which they believe to be in the best interests of the shareholders generally. Any shares purchased would either be cancelled or held as treasury shares, in which case they could be held in the name of the Company pending resale.

## FIRST ARTIST CORPORATION PLC

Registered in England and Wales with Company Number 02725009

# NOTICE OF ANNUAL GENERAL MEETING

## 7 June 2007

NOTICE IS HEREBY GIVEN that the sixth Annual General Meeting of First Artist Corporation plc will be held at **11am on 7 June 2007 at the offices of Dawnay, Day Corporate Finance Limited, 8-10 Grosvenor Gardens, London SW1 0DH** to transact the following business:

#### Re-election of Directors

1. To re-elect Richard Hughes as a director
2. To re-elect Jonathan Smith as a director

#### Directors' authority to issue shares

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the 'Act') to exercise the powers of the Company to allot all authorised but unissued relevant securities (as defined in Section 80 of the Act). This power shall expire at the earlier of the conclusion of the next annual general meeting of the Company or the date 15 months from the date this resolution comes into effect (unless previously revoked or varied by the Company in general meeting) save 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 as if the authority conferred hereby had not expired, and so that all previous authorities given by the Company in general meeting pursuant to Section 80 of the Act are revoked (save to the extent relied upon prior to the passing of this resolution).

#### Disapplication of pre-emption rights

4. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT, subject to the passing of resolution 3 above, the Directors be and are hereby empowered to allot or make offers or agreements to allot equity securities (as defined in Section 94(2) of the Companies Act 1985 (the 'Act') for cash, pursuant to the authority granted by resolution 3 above, as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any existing powers conferred on the Directors and shall be limited:
  - (a) to the allotment of equity securities in connection with a rights issue in favour of the holders of relevant shares and relevant employee shares, or in connection with any other form of issue of such securities in which such holders are offered the right to participate, in proportion (as nearly as may be) to their respective holdings but subject to such exclusion or other arrangements as the Directors consider necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or the requirements of any generally recognised regulatory body or stock exchange in any territory; and
  - (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £218,750.

This power shall expire at the earlier of the conclusion of the next annual general meeting of the Company or the date falling 15 months from the date this resolution comes into effect, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of the offer or agreement as if the power conferred by this resolution had not expired.

#### Company's authority to purchase its own shares

5. To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT, pursuant to the Company's Articles of Association, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 2.5 pence each in the capital of the Company, subject to the following conditions:

- (a) the maximum number of shares which may be hereby purchased is 1,953,870 shares;
- (b) the minimum price, exclusive of expenses, which may be paid for each share is 2.5 pence;
- (c) the maximum price, exclusive of expenses, which may be paid for each share is not more than five per cent above the average of the middle market quotations for the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days preceding any such purchase.

This power shall expire at the earlier of the conclusion of the next annual general meeting of the Company or the date falling 15 months from the date this resolution comes into effect, except in relation to a purchase of such shares, the contract for which was concluded before such time and which will or may be executed wholly or partly after such expiry, when the Company may purchase ordinary shares in pursuance of such contract as if the authority conferred hereby had not expired.

#### By order of the Board

#### JULIANNE COUTTS FCIS

Company Secretary

11 May 2007

Registered office: First Artist House, 87 Wembley Hill Road, Wembley, Middlesex HA9 8BU