

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

When considering what action you should take, you are recommended immediately to seek your own personal financial advice from an appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000.

If you have disposed of all your Ordinary Shares in the Company, please pass this document (and the enclosed Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom you made the disposal for onward transmission to the purchaser or transferee.

The distribution of this document and/or the accompanying documents in jurisdictions other than the UK, including the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

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**J SMART & Co (CONTRACTORS) PLC**  
*(incorporated in Scotland with company number SC025130)*

**NOTICE OF GENERAL MEETING TO CONSIDER PROPOSALS FOR  
THE ADOPTION OF NEW ARTICLES OF ASSOCIATION, A SUB-DIVISION OF THE COMPANY'S ORDINARY SHARES AND THE  
GRANT OF AUTHORITY TO MAKE MARKET PURCHASES OF NEW ORDINARY SHARES**

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Your attention is drawn to the letter from the Chairman of J Smart & Co (Contractors) PLC which is set out on pages 4 to 6 of this document and recommends you to vote in favour of the resolutions to be proposed at the General Meeting referred to below. You should read the whole text of this document.

Notice of a General Meeting of the Company to be held at the registered office of the Company, 28 Cramond Road South, Edinburgh EH4 6AB on 15th December 2011 at 11.30 a.m. is set out at the end of this document. The proposals described in this document are conditional upon Shareholder approval of the Resolutions at the General Meeting and on Admission.

To be valid, Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR United Kingdom or delivered by hand during office hours to the same address as soon as possible and in any event so as to arrive by not later than 11.30 a.m. on 13th December 2011. Forms of Proxy may also be lodged electronically by submitting a duly completed scanned copy of the proxy card to [proxy.votes@equiniti.com](mailto:proxy.votes@equiniti.com).

If you have any questions regarding this document please contact Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. A shareholder helpline is available between 8.30am and 5.30pm (UK time) Monday to Friday (except UK public holidays) on 0871 384 2050 (from within the UK) or +44 121 415 0259 (from outside the UK). Calls to the 0871 384 2050 number will be charged at 8p per minute (excluding VAT) from a BT landline. Calls from outside the UK will be charged at international rates. Other telephony provider costs may vary. Please note that calls may be monitored or recorded.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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Latest time and date for receipt of Forms of Proxy	11.30 a.m. on 13th December 2011
General Meeting	11.30 a.m. on 15th December 2011
Last day for dealings in Ordinary Shares	20th December 2011
Record date for Sub-Division of the Ordinary Shares	4.30 p.m. on 20th December 2011
Commencement of dealings in New Ordinary Shares	8.00 a.m. on 21st December 2011
CREST accounts credited with New Ordinary Shares	21st December 2011
Despatch of New Share Certificates	4th January 2012

### Notes:

- (1) The times and dates set out in the Expected Timetable of Principal Events above assume that all Resolutions are duly passed at the General Meeting.
- (2) The times and dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and dates will be notified, as required, to the UK Listing Authority and the London Stock Exchange and, where appropriate, to Shareholders.
- (3) All references to time in this document are to London time.

## DEFINITIONS

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“ACT”	the Companies Act 2006 (as amended)
“ADMISSION”	admission of the New Ordinary Shares to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange
“ARTICLES”	the Company’s articles of association
“BOARD” OR “DIRECTORS”	the directors of the Company, or a duly authorised committee thereof, whose names are set out on page 4 of this document
“BUY BACK AUTHORITY”	the proposed authority allowing the Company to make limited market purchases of New Ordinary Shares pursuant to Resolution 3 set out in the Notice of General Meeting
“CREST”	the electronic share settlement system operated by Euroclear
“EUROCLEAR”	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of the system for trading shares in uncertificated form known as CREST
“CREST REGULATIONS”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended
“FORM OF PROXY”	the form of proxy accompanying this document for use in connection with the General Meeting
“GENERAL MEETING”	the general meeting of the Company convened for 15 <sup>th</sup> December 2011 pursuant to the Notice of General Meeting
“J SMART” OR THE “COMPANY”	J Smart & Co (Contractors) Plc, incorporated in Scotland with company number SC025130 and having its registered office at 28 Cramond Road South, Edinburgh EH4 6AB
“LONDON STOCK EXCHANGE”	London Stock Exchange plc
“MODEL ARTICLES”	Articles of association in the form prescribed for public companies set out in regulation 4 and Schedule 3 of The Companies (Model Articles) Regulations 2008 (SI 2008/3229)
“NEW ARTICLES OF ASSOCIATION”	the new Articles of Association of the Company to be adopted pursuant to Resolution 1 set out in the Notice of General Meeting
“NEW ORDINARY SHARE”	the new ordinary shares of two pence each in the capital of the Company, arising as a result of the Sub-Division
“NOTICE OF GENERAL MEETING”	the notice of General Meeting which is set out at the end of this document
“OFFICIAL LIST”	the Official List of the UKLA
“ORDINARY SHARES”	the existing Ordinary Shares of 10 pence each in the capital of the Company
“SHAREHOLDERS”	the holders of Ordinary Shares (and, if Resolution 2 is duly passed in the General Meeting, of New Ordinary Shares in substitution for their Ordinary Shares)
“SUB-DIVISION”	the proposed subdivision of the Company’s share capital pursuant to Resolution 2 set out in the Notice of General Meeting
“UK”	the United Kingdom of Great Britain and Northern Ireland
“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 1

## LETTER FROM THE CHAIRMAN OF J SMART & CO (CONTRACTORS) PLC

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*Directors:*

JM Smart (*Chairman and Managing Director*)  
AD McClure  
LE Glenday  
DW Smart

*Registered Office:* 28 Cramond Road South  
Edinburgh  
EH4 6AB

*Registered Number:* SC025130

15th November 2011

*To the holders of Ordinary Shares*

Dear Shareholder

### **Proposed adoption of New Articles of Association, Sub-Division of the Company's Ordinary Shares and Authority to make Market Purchases of New Ordinary Shares**

I am writing to you to convene a General Meeting of the Company at which three substantive items of business will be considered.

The **first** is the proposed adoption of the New Articles of Association in order to update the Company's constitution in line with the provisions of the Companies Act 2006. Section 21 of the Act provides that a company may amend its Articles of Association by way of a special resolution and, accordingly, Resolution 1 set out in the Notice of General Meeting will be proposed as a special resolution.

The **second** is the proposed Sub-Division of the share capital of the Company. The Sub-Division requires the approval of Shareholders and, accordingly, Resolution 2 set out in the Notice of General Meeting will be proposed as an ordinary resolution.

The **third** is the proposed approval of the Buy Back Authority, which allows the Company to make limited market purchases of New Ordinary Shares. The Buy Back Authority requires the approval of Shareholders and the Association of British Insurers recommends that the approval be given by special resolution. Accordingly, Resolution 3 set out in the Notice of General Meeting will be proposed as a special resolution.

The Notice of General Meeting, which is to be held at the Company's registered office at 28 Cramond Road South, Edinburgh EH4 6AB at 11.30 a.m. (UK time) on 15th December 2011, is set out at the end of this document.

### **Articles of Association**

The Company's existing Articles of Association are governed by the provisions of the Companies Act 1948 and it is the Board's view that it is appropriate to take this opportunity to adopt the New Articles of Association to take account of developments in UK legislation and practice.

Set out in Part 2 of this document is a summary of the principal provisions of the New Articles of Association, the full terms of which will be available for inspection at the Company's registered office at 28 Cramond Road South, Edinburgh EH4 6AB from the date of this Circular until the conclusion of the General Meeting.

### **Sub-Division**

The average mid-market closing price of the existing issued Ordinary Shares of 10 pence each in the capital of the Company for the 12 months to 31 July 2011 was 424 pence.

The intended effect of this proposed Sub-Division is to improve the liquidity and marketability of Ordinary Shares in the capital of the Company by reducing the market price of a New Ordinary Share and increasing the number of New Ordinary Shares in issue.

A 5 for 1 sub-division of the share capital is proposed. This means that for each Ordinary Share held prior to the Sub-Division becoming effective, a Shareholder will receive 5 New Ordinary Shares of two pence each in the capital of the Company. For example, a Shareholder holding 1,000 Ordinary Shares prior to the Sub-Division would instead hold 5,000 New Ordinary Shares as a result of the Sub-Division.

The economic and legal rights attaching to the New Ordinary Shares will be the same as those currently attaching to the Ordinary Shares. It is expected that the market price of a New Ordinary Share on the date on which the Sub-Division becomes effective will be approximately one one-fifth of the market price of an Ordinary Share immediately prior to the Sub-Division. As a result, the aggregate value of a shareholding in the Company immediately before and after the Sub-Division should be approximately the same and Shareholders' rights will be unaffected by the Sub-Division.

If approved by Shareholders, the proposed Sub-Division will become effective on admission of the New Ordinary Shares to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange plc.

It is expected that this will occur at 8.00 a.m. (UK time) on 21st December 2011. The ISIN in respect of the New Ordinary Shares will be GB00B76BK617.

Shareholders who hold their existing Ordinary Shares in uncertificated form will have their CREST accounts credited with New Ordinary Shares on Admission. New share certificates in respect of the New Ordinary Shares will be issued to Shareholders who hold their existing Ordinary Shares in certificated form and dispatched no later than 4th January 2012.

#### *Taxation*

For the purposes of United Kingdom taxation of chargeable gains, the Sub-Division should be treated as a reorganisation of the Company's share capital. The Sub-Division should not, therefore, give rise to any liability to tax.

The New Ordinary Shares should be treated as the same asset as, and acquired at the time of acquisition of, the Ordinary Shares. Any sale by a Shareholder of some or all of the New Ordinary Shares received as a result of the Sub-Division will, however, constitute a disposal for the purposes of United Kingdom taxation of chargeable gains and may, depending on individual circumstances, give rise to a tax liability. No stamp duty or stamp duty reserve tax will be payable in connection with the Sub-Division.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult their professional adviser.

#### **Market Purchases**

The Directors consider that it would be in the interests of all Shareholders for the Company to have, in common with a large number of other listed companies, the right to purchase its own New Ordinary Shares in the market. Accordingly, the Board is seeking authority for the Company to purchase up to 5,041,000 New Ordinary Shares in the market, representing approximately 10 per cent of the expected issued New Ordinary Shares.

When buying New Ordinary Shares the Company cannot pay a price per New Ordinary Share which is less than its nominal value (two pence per New Ordinary Share) or more than 105 per cent. of the average of the middle market quotations for New Ordinary Shares taken from the London Stock Exchange Daily Official List for the five business days immediately before the day on which such New Ordinary Shares are purchased. New Ordinary Shares bought back in the market will be cancelled. The Buy Back Authority will, unless previously renewed or revoked, expire on the earlier of the conclusion of the Annual General Meeting to be held in 2012 and the date falling 15 months after the passing of the Resolution 3. Resolution 3 is conditional on the passing of Resolution 1.

The buy-back policy for the New Ordinary Shares Fund will be decided by the Board from time to time. However, the Directors will only exercise the power to make market purchases of the New Ordinary Shares if they believe that it is in the best interests of Shareholders generally and that it will enhance the earnings per share and/or the equity shareholders' funds per share of the Company. If the Directors do utilise the authority, they will neither be encouraging nor recommending Shareholders to buy or sell shares in the Company nor in any way suggesting that it is an appropriate time to deal in such shares.

The authority will only be exercised if the Directors are satisfied that the Company has sufficient financial resources to enable it to carry out the intended purchase. Purchases would be financed from the Group's cash resources and made out of the Company's retained reserves.

**Action to be taken**

It is important to the Company that Shareholders have the opportunity to vote even if they are unable to attend the General Meeting.

A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions therein and return it to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR, as soon as possible and in any event not later than 11.30 a.m. on 13th December 2011, being 48 hours before the time of the General Meeting.

The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

**Recommendation**

The Board considers that all the proposals to be considered at the General Meeting are in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of all of the proposed Resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Yours sincerely

JM Smart  
*Chairman*

## PART 2

### PRINCIPAL TERMS OF THE NEW ARTICLES OF ASSOCIATION

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#### **MODEL ARTICLES FOR PUBLIC COMPANIES**

The New Articles of Association shall be subject to the terms of the Model Articles with the exception of Regulations 17, 18, 20-24 (inclusive), 25 to 27 (inclusive), 30, 43(1), 43(2), 45, 63(1), 63(5) and 85 of the Model Articles, and of any other regulations which are inconsistent with the additions and modifications set forth in the New Articles of Association.

#### **LIABILITY OF SHAREHOLDERS**

The liability of the Shareholders shall be limited to the amount, if any, unpaid on the shares held by them.

#### **UNRESTRICTED OBJECTS**

The Company's objects shall be unrestricted.

#### **SHARE CAPITAL**

The share capital of the Company shall be divided into Ordinary Shares of £0.02 each in the capital of the Company having such rights as are set out in the Articles (the "Ordinary Shares"). This assumes that Resolution 2 – the proposed sub-division of the Company's shares – will have been passed. All shares will have equal rights to voting, dividend and to a distribution on a winding up.

#### **PURCHASE OF OWN SHARES**

Subject to the approval of the Shareholders and subject to any restriction contained in any resolution granting authority to the Company or in the Act, the Company will be authorised to purchase any of its own shares and upon completion of such purchase those shares shall be immediately cancelled.

#### **TRANSFER OF SHARES**

There will be no restrictions on transferring shares.

#### **GENERAL MEETINGS**

The quorum for any general meetings will be 3 shareholders.

#### **DIRECTORS**

Unless and until otherwise determined by ordinary resolution of the Company, the minimum number of Directors shall be two and there shall be no maximum number.

#### **POWER TO ESTABLISH EMPLOYEES' SHARE SCHEMES**

The Directors may establish employees' share schemes that may include participation by salaried Directors.

#### **BORROWING AND OTHER POWERS**

The Directors may borrow and raise money on behalf of the Company.

#### **DIRECTORS' INDEMNITY**

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may incur in the discharge of the duties of his office.

## **POWER OF PARENT**

In the event that any person (the “**Parent**”) is the holder of not less than 90 per cent in nominal value of the issued shares of the Company, the following provisions will apply:

1. the Parent may appoint any person to be a Director or remove any Director; and
2. any or all powers of the Directors shall be restricted in such respects and to such extent as the Parent may prescribe.

**For full details, please refer to the full terms of the New Articles of Association which will be available for inspection at the Company’s registered office at 28 Cramond Road South, Edinburgh EH4 6AB from the date of this document until the conclusion of the General Meeting. If you are in any doubt as to the meaning and effect of the New Articles of Association you are advised to seek independent legal advice.**



## NOTICE OF GENERAL MEETING

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NOTICE IS HEREBY GIVEN that a general meeting of J Smart & Co (Contractors) PLC (the “**Company**”) will be held at 28 Cramond Road South, Edinburgh EH4 6AB on 15th December 2011 at 11.30 a.m., to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 and 3 will be proposed as special resolutions and Resolution 2 will be proposed as an ordinary resolution:

### **SPECIAL RESOLUTION**

#### **1. NEW ARTICLES OF ASSOCIATION**

IT IS RESOLVED as a special resolution that the regulations contained in the document attached to this resolution be adopted as the articles of association of the Company in substitution for and to the entire exclusion of the existing articles of association.

### **ORDINARY RESOLUTION**

#### **2. SUB-DIVISION OF SHARE CAPITAL**

IT IS RESOLVED as an ordinary resolution to subdivide the 10,082,000 issued Ordinary Shares of £0.10 each into 50,410,000 Ordinary Shares of £0.02 each in the capital of the Company (the “**new Ordinary Shares**”).

### **SPECIAL RESOLUTION**

#### **3. AUTHORITY TO BUYBACK SHARES**

IT IS RESOLVED as a special resolution that the Company be authorised to make a market purchase of new Ordinary Shares as follows:

- a. the maximum number of new Ordinary Shares that the Company can buyback is 5,041,000; and
- b. the minimum price payable for the new Ordinary Shares is the nominal value (two pence per New Ordinary Share following the sub-division referred to in Resolution 2 above) and the maximum price is the price which is 105 per cent. of the average of the middle market quotations for new Ordinary Shares taken from the London Stock Exchange Daily Official List for the five business days immediately before the day on which such new Ordinary Shares are purchased.

The authority granted hereby will expire on the earlier of the conclusion of the Annual General Meeting to be held in 2012 and the date falling 15 months after the passing of this Resolution.

BY ORDER OF THE BOARD

A. D. MCCLURE, SECRETARY

28 Cramond Road South,  
Edinburgh EH4 6AB  
15th November 2011

## NOTES

1. A member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of him. A proxy need not be a member. Forms of proxy, if used, must be lodged with the Registrars of the Company at least 48 hours before the time fixed for the Meeting. Forms of proxy may also be lodged electronically by submitting a duly completed scanned copy of the proxy card to [proxy.votes@equiniti.com](mailto:proxy.votes@equiniti.com). You may not use the electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than that expressly stated.
2. In accordance with section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website [www.jsmart.co.uk](http://www.jsmart.co.uk).
3. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the General Meeting any question relating to the business being dealt with at the General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.
4. To be entitled to attend and vote at the General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 13 December 2011 (or, if the General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the General Meeting.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the '2006 Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. 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 member as to the exercise of voting rights.



