

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolutions to be voted on at an Extraordinary General Meeting of the Company to be held on 20 April 2007. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in Universe Group PLC you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares in Universe Group PLC, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was affected.

Application will be made for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange plc ("AIM"). It is expected that admission to AIM will become effective and that dealings in the Placing Shares will commence on 23 April 2007.

UNIVERSE GROUP PLC

*(Incorporated and registered in England and Wales
under the Companies Act 1985 with registered number 2639726)*

**Placing of 42,857,143 new ordinary shares
at 7 pence per share**

**Preliminary Announcement of Results
for the year to 31 December 2006**

Notice of Extraordinary General Meeting

Action to be taken by Shareholders is set out on page 7. Notice of the Extraordinary General Meeting of Universe Group PLC to be held at the offices of Fox Williams LLP, Ten Dominion Street, London EC2M 2EE on 20 April 2007 at 10.00 am is set out at the end of this document. Whether or not you intend to be present at the Extraordinary General Meeting you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event not later than 10.00 am on 18 April 2007. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting.

Charles Stanley Securities which is authorised and regulated in the United Kingdom by the Financial Services Authority (the "FSA"), is acting as nominated adviser and broker to the Company in relation to the Placing and Admission. The responsibilities of Charles Stanley Securities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, shareholder or any other person, in respect of his decision to acquire shares in the Company in reliance on any part of this document, or otherwise. Charles Stanley Securities is not making any representation or warranty, express or implied, as to the contents of this document. Charles Stanley Securities will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company.

This document does not constitute an offer of securities and accordingly is not a prospectus, nor does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in Universe Group PLC nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefore.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2007
Latest time and date for receipt of Forms of Proxy	10.00 am on 18 April
Extraordinary General Meeting	10.00 am on 20 April
Admission and dealings in the Placing Shares expected to commence on AIM	8.00 am on 23 April

PLACING STATISTICS

Placing Price	7p
Number of Existing Ordinary Shares in issue	71,847,396
Number of Placing Shares	42,857,143
Number of Ordinary Shares in issue immediately following Admission	114,704,539
Market capitalisation of the Company at the Placing Price	£8.0 million
Gross proceeds of the Placing receivable by the Company	£3.0 million
Estimated net proceeds of the Placing receivable by the Company	£2.8 million

DEFINITIONS

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

“Act”	Companies Act 1985, as amended
“Admission”	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	rules governing the admission to, and operation of, AIM contained in the document entitled the “AIM Rules to Companies” published by the London Stock Exchange from time to time
“Charles Stanley Securities”	a division of Charles Stanley & Co Limited
“Directors” or the “Board”	the directors of the Company, whose names appear on page 4 of this document
“Extraordinary General Meeting” or “EGM”	extraordinary general meeting of the Company convened for 10.00 am on 20 April 2007 by the Notice of EGM and any adjournment thereof
“Existing Ordinary Shares”	Ordinary Shares in issue at the date of this document
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders at the EGM
“HTEC”	HTEC Limited, the Company’s wholly owned trading subsidiary
“Group”	Universe and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Notice of EGM”	the notice of EGM, set out at the end of this document
“Ordinary Shares”	ordinary shares of 5 pence each in the issued share capital of the Company
“Placees”	subscribers for Placing Shares procured by Charles Stanley Securities, as agent for the Company
“Placing”	the conditional placing of the Placing Shares at the Placing Price to be undertaken by Charles Stanley Securities, as agent for the Company
“Placing Agreement”	the agreement dated 26 March 2007 entered into between the Company and Charles Stanley Securities relating to the Placing
“Placing Shares”	42,857,143 new Ordinary Shares to be issued pursuant to the Placing and whose allotment and issue is conditional on the approval of Shareholders at the EGM
“Placing Price”	a price of 7 pence per Placing Share
“Resolutions”	the resolutions set out in the Notice of EGM and “Resolution” means any one of them
“Shareholders”	holders of Ordinary Shares
“Universe” or the “Company”	Universe Group PLC

PART I

LETTER FROM THE CHAIRMAN

UNIVERSE GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2639726)

Directors

John Scholes (Chairman)
Paul Cooper (Chief Executive)
Adrian Grinsell (Operations Director)
Eddie Paul (Finance Director)
Barrie Brinkman (Non-Executive Director)
Ray Mackie (Non-Executive Director)

Registered Office

Southampton International Park
Southampton
SO18 2RX

27 March 2007

To Shareholders

Dear Shareholder,

Introduction

The Board of Universe announced the results for the year to 31 December 2006 earlier today and at the same time also announced that it has conditionally placed 42,857,143 Placing Shares with a number of institutional and other shareholders at a price of 7 pence per Placing Share. The Placing will raise approximately £2.8 million, net of expenses.

The Placing is conditional, *inter alia*, upon the Company obtaining approval from Shareholders of certain Resolutions at an EGM that has been convened for 10.00 am on 20 April 2007. Notice of the EGM is set out on page 22 of this document.

The Purpose of this document is to explain the background to and reasons for the Placing, and why the Board considers the Placing to be in the best interests of the Company and its Shareholders.

Summary of results for 12 months to 31 December 2006

The Company has today released its unaudited preliminary announcement of results for the 12 months to 31 December 2006 (the "Results"). The announcement is set out on page 9 at part II of this document.

The Company achieved an operating profit on continuing business (before goodwill impairment and non-recurring items) of £656,000 in the year to 31 December 2006, compared to £1,526,000 the previous year. Sales on continuing business were £11.3 million, against £15.6 million for 2005, yielding a profit before tax on the Company's continuing business (pre goodwill impairment) of £330,000.

The Results were disappointing in the context of prior years. Group demands necessitated cash restraints on HTEC, which have undoubtedly held back the business. Nonetheless, HTEC generated both cash and operating profits. With the restructuring of the Group's finances, as described below in this document, the Board is confident that HTEC's operating momentum will resume in 2007, to the benefit of both the business and our shareholders.

Current Trading and Prospects

The Board is pleased to announce that HTEC has received a significant contract award from a major oil company. The contract is for long term supply of software and services to petrol retailing outlets, with initial rollout into Europe, but with the expectation of a wider international rollout over time.

Universe has a broad client base and a well established market position in the provision of services to the petrol forecourt sector. The Board anticipates that there will be further growth of online services, unmanned petrol stations and the widespread adoption of Chip and PIN outdoor payment systems. The Board also believes that the Group's relationships with global oil companies such as BP, provides HTEC with a platform and structure to develop a strong international business.

In addition, the Board is pleased to announce that it has agreed the terms of a £1.5 million facility with Bank of Scotland. This facility will replace the Group's existing term debt facilities. This new banking arrangement includes a £100,000 overdraft facility and a rescheduled term loan of £1.4 million with repayment terms in line with the current operations of the business.

The Board believes the above factors indicate encouraging prospects for the Company.

Background to, and reasons for, the Placing

As a result of the recently concluded strategic review of the Company, which is described in more detail below, the Board believes that Universe requires a further injection of equity capital. The funds raised by the Placing will be applied to:

- reduce further and complete the restructuring of the current debt facilities;
- provide working capital to support the anticipated increase in activity, including in particular, the new contract with a major oil company;
- increase investment in sales and marketing; and
- clarify HTEC's product offering and strategy.

Details of the Placing

The Board is pleased to announce that 42,857,143 new Ordinary Shares have been placed with certain institutional and other investors at 7 pence per Placing Share, conditional, *inter alia*, on the passing of the Resolutions. The Placing will raise approximately £3.0 million before expenses. A summary of the Placing Agreement is set out on page 20 of Part III of this document.

The Placing Shares will represent 37.4 per cent. of the entire issued share capital of the Company immediately following Admission. The Placing is conditional on the passing of the related Resolutions set out in the Notice of EGM. Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares will, when issued, rank equally in all respects with the Existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid following Admission. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 23 April 2007. Certain of the Directors have agreed to participate in the Placing as set out below:

<i>Director</i>	<i>Current Shareholding</i>	<i>Placing Shares</i>	<i>Number of Ordinary Shares following completion of the Placing and on Admission</i>	<i>Percentage of enlarged issued ordinary share capital following completion of the Placing and on Admission</i>
John Scholes	–	365,000	365,000	0.32%
Paul Cooper	–	215,000	215,000	0.19%
Eddie Paul	94,500	85,000	179,500	0.16%
Adrian Grinsell	107,329	50,000	157,329	0.14%

As described above, the net proceeds of the Placing will be applied to reducing and restructuring the Company's debt and to meet the Company's working capital requirements, with specific investment in sales and marketing as well as product clarification.

The Placing is not a rights issue or open offer and the Placing Shares will not be offered generally to Shareholders, whether on a pre-emptive basis or otherwise. The Directors believe that the considerable extra cost and delay involved in a rights issue or open offer would not be in the best interests of the Company and accordingly the Board considers that it is in the best interests of the Company and its Shareholders for the funds to be raised by the Placing.

Strategic Review

On 17 November 2006, the Board announced that it had received a number of unsolicited approaches to acquire the Company, but had received no firm proposals. In light of the expressions of interest that had been received, and given the continuing disappointing share price performance, the Board decided to conduct a strategic review of the business and the opportunities available to the Company, including means of improving the Company's balance sheet.

The Board is pleased to announce that the strategic review has now been concluded. An offer for the Company at a level representing fair value for the business was not received. The review also considered a number of other issues relating to the Company the most significant of which are as follows:

- changing the banking arrangements of the Group;
- a further placing of new ordinary shares to enable the Group to restructure its banking arrangements and to provide sufficient capital to support expansion of the HTEC business;
- disposal of the Group's bureaux de change operation in France;
- restructuring and strengthening of the Board of Directors; and
- the opportunities for development of the HTEC business.

The Board has addressed the issue of the Group's banking facilities and believes that it is the best interests of the Company to refinance with a new bank, which has indicated its support for the Board's proposed future direction of the Company. The background to this dates back to when the Company was formed by way of the demerger of Retail Decisions plc from Card Clear plc ("Card Clear") in January 2000. Universe assumed term debt of Card Clear totalling over £6 million, including an onerous repayment schedule. Whilst the Group's overdraft and bank loan was reduced to £1.9 million at 31 December 2006, the continuing aggressive loan repayment schedule and high level of bank charges has continued to deprive HTEC of the cash resources required to grow the business. The Board believes this has had a detrimental effect on the development of the business of the Group as a whole. The Board further believes that the terms of the new facility with Bank of Scotland are more appropriate to the conduct of the Group's business.

In order to facilitate the change of the banking arrangements, and as previously announced, the Company also raised £373,000 through a Placing of new Ordinary Shares in January 2007. This eliminated the Company's overdraft.

As announced at the last AGM, the decision was taken to divest the French bureaux de change business. As previously announced the disposal has now taken place, and was approved by Shareholders at the extraordinary general meeting held on 26 January 2007.

While there have been expressions of interest from a number of third parties relating to a potential acquisition of the Company, or the business of HTEC, none of those discussions have resulted in a firm offer being made which the Board, having taken appropriate professional advice, believes represent appropriate value for Shareholders.

The Board believes that the Company's future prospects are encouraging and that shareholder value can best be delivered through the continuation of Universe as an independent business, focusing on the development of the HTEC business. As a result, the Board, having taken appropriate advice, has decided not to pursue an offer. After consultation with the Takeover Panel, the Board confirms that the Company is no longer deemed to be in an Offer Period for the purposes of the City Code on Takeovers and Mergers.

Extraordinary General Meeting

You will find at the end of this document a notice of the EGM, to be held at 10 am on 20 April 2007 at the offices of Fox Williams LLP, Ten Dominion Street, London EC2M 2EE. An explanation of Resolutions to be proposed at the EGM is set out below.

The Directors have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the EGM in respect of an aggregate number of 9,645,373 Ordinary Shares representing approximately 13.42 per cent. of the issued share capital of the Company.

Resolutions

Charles Stanley Securities, as placing agent for the Company, has been retained to place conditionally the Placing Shares in accordance with the terms of the Placing Agreement. However, currently the Company does not have sufficient authorised share capital to effect the Placing and the Directors do not have the requisite authorities under the Act to allot the Placing Shares. The Company has therefore convened an EGM to be held on 20 April 2007 at which the Resolutions will be considered.

Resolution 1 seeks to increase the Company's authorised share capital. Resolution 1 will be proposed as an ordinary resolution to increase the authorised share capital of the Company from £5,000,000 to £7,750,000.

Resolutions 2 and 3 seek the authority of Shareholders for the allotment of the Placing Shares. The Directors are seeking renewal of, and an increase in, their general authorities to issue Ordinary Shares and/or other securities, such general authorities having been last granted to them at the annual general meeting of the Company held on 12 May 2006 ("AGM"). Resolutions 2 and 3 contained in the Notice of EGM are in similar form to the resolutions passed by Shareholders at the AGM, but the value of the nominal amounts of Ordinary Shares to be available for issue has been increased to take account of the dilutive effect of the Placing.

Resolution 2 will be proposed as an ordinary resolution to authorise the Directors pursuant to section 80 of the Act to allot relevant securities of (i) up to an aggregate nominal value of £2,142,857.15 pursuant to the Placing and (ii) generally an additional further £1,911,742 in aggregate nominal value of Ordinary Shares which represents approximately 33.3 per cent. of the number of Ordinary Shares in issue immediately following completion of the Placing assuming all Placing Shares are placed. This authority will expire on the earlier of the passing of a resolution to revoke and replace this authority or five years from the date of the passing of the resolution.

Resolution 3 will be proposed as a special resolution to disapply statutory pre-emption rights in respect of the allotment and issue of the Placing Shares to empower the Directors pursuant to section 95 of the Act to allot equity securities for cash otherwise than on a *pro rata* basis: (i) where a *pro rata* offer has effectively been made, but subject to exclusions or arrangements to avoid logistical, regulatory or legal issues; (ii) up to £2,142,857.15 in aggregate nominal value pursuant to the Placing and (iii) generally up to £573,523 in aggregate nominal value of Ordinary Shares which represents approximately 10 per cent. of the number of Ordinary Shares in issue immediately following completion of the Placing. This authority will expire at the conclusion of the annual general meeting of the Company in 2007 or the date which is fifteen months from the date of this Resolution.

Action to be taken

You will find a Form of Proxy enclosed with this document for use at the EGM. Whether or not you intend to be present at the EGM, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by Capita Registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD not later than 10.00 am on 18 April 2007, being 48 hours before the time appointed for holding the EGM. Completion of the Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

Recommendation

Your Board believe that the terms of the Placing are fair and reasonable so far as the Shareholders are concerned and that the approval of the Resolutions relating to the Placing set out in the notice of the EGM is in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the Resolutions with regard to the Placing as they intend to do in respect of their own shareholdings representing, in aggregate, approximately 13.42 per cent. of the Company's issued share capital.

Yours faithfully

John Scholes
Chairman

PART II

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR YEAR TO 31 DECEMBER 2006

27 March 2007

UNIVERSE GROUP PLC

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

Universe Group PLC (“Universe” or the “Company”), the retail and information systems company, is pleased to announce unaudited Preliminary Results for the year ended 31 December 2006.

KEY POINTS:

- Operating profit on continuing business, before goodwill impairment and non-recurring costs, £656,000 (2005: £1,526,000)
- Asset impairment adjustment and non-recurring cost totalling £6.6 million
- Loss before tax and goodwill impairment £895,000 (2005: Profit £357,000)
- New contract with major global oil company
- Restructured bank facility
- Sale of French bureaux de change
- Focus upon core HTEC business
- Placing of equity of £3.0 million

Commenting on today’s results, John Scholes, Chairman of Universe said:

“Universe has taken a number of important steps taken to refocus and re-energise the business in the last few weeks, to address many of the issues that led to the generally disappointing performance in 2006. Since I joined the Board earlier this year, with Paul Cooper who was appointed as Chief Executive at the same time, we, and our fellow directors, have completed the strategic review that the board initiated in November. Universe has been through difficult times in the recent past, but we have put into place a sound basis from which to build the business anew. I look forward to 2007 and beyond with great purpose and optimism.”

For Further Information:

Universe Group plc

John Scholes, Chairman
Paul Cooper, Chief Executive

023 8068 9510

Charles Stanley Securities

Russell Cook
Anthony Noakes

020 7149 6000

CHAIRMAN'S STATEMENT

Introduction

Universe has taken a number of important steps taken to refocus and re-energise the business in the last few weeks, to address many of the issues that led to the generally disappointing performance in 2006. The board initiated a strategic review in November, which has now been completed. That review included board composition, corporate structure, financial and operational aspects, all of which are described in more detail below.

Results and Current Trading

In 2006 we achieved an operating profit on our continuing business (pre goodwill impairment and non-recurring items) of £0.7 million, compared to £1.5 million the previous year. Our sales on continuing business were £11.3 million, against £15.6 million for 2005, yielding a profit before tax on our continuing business (pre goodwill impairment and non-recurring items) of £0.3 million.

The 2006 results were disappointing in the context of prior years. Group demands necessitated cash restraints on HTEC, which have undoubtedly held it back. Nonetheless, HTEC generated both cash and profits. HTEC continues to make good progress. The Company has won a contract with a major oil company to supply software and services to its European petrol retailing outlets with the opportunity to extend this contract on a global basis.

The Company is undertaking a major restructuring of its finances through a placing of new equity to raise £3.0 million (before costs). We are also putting in place a new bank facility to replace the exiting debt structure. I am confident that HTEC's operating momentum will resume in 2007, to the benefit of both the business and our shareholders.

The Universe Team

What has impressed me most in working with Universe since joining the Board in January 2007 is the enthusiasm and professionalism of its team. The Company is staffed by people who are genuine enthusiasts for what they do. I am confident that this team can take us to great success in the future.

I believe that Universe has all the ingredients to move ahead strongly from its present position.

The addition of Paul Cooper to the executive team as CEO brings deep and pertinent operating experience to the team. His senior roles in hardware, software and managed services companies span start-ups, large high growth international companies and turnarounds. His contribution to the company will be extensive and positive.

As part of our recent board changes, Ray Mackie has moved from being Executive Chairman to a non-executive director role. Ray continues to support the company both in his board role and as a significant shareholder.

Restructuring

As announced in the last AGM, the decision was taken to divest the French bureaux de change business. That divestment has now taken place, as approved by our shareholders at the EGM on 26 January 2007.

Also approved at that EGM was a small share placing which raised £373,000. The proceeds from both the disposal and the placing have been used to repay the group's overdraft with its bankers Royal Bank of Scotland Plc.

Our review also considered it important to restructure our banking facilities and move to a new bank, which supports the new team and direction of the Company. We are pleased to announce that the Company has agreed a facility with a new bank, including a rescheduled lending facility with repayment terms in line with the current operations of the business.

Strategic Review

On 17 November 2006, the company announced that it had received a number of unsolicited approaches to acquire the company, but had received no firm proposals. However, in the light of the expressions of interest that had been received, and given the continuing disappointing share price performance, the board decided to conduct a strategic review of the business and the opportunities available to the company, including means of improving the company's balance sheet.

That review is now complete. While there have been discussions with a number of third parties, none of those discussions have resulted in specific proposals which have a material chance of being of interest to Universe's shareholders. The board has therefore taken steps to focus on the operational strengths of its key business, HTEC Limited ("HTEC"), and to strengthen the group's balance sheet by securing a supportive banking relationship and bringing further equity funding into the group by means of a placing to raise £3.0 million before costs. With this backing, I am confident that we can exploit our excellent market position to drive strong growth in the business.

Dividend

We are now very strongly focused on generating long term growth. In order to achieve this we need to provide sufficient financial resources to deliver the growth plan. Therefore, we do not propose paying a final dividend for the year but will review the position regarding future dividend payments in the context of the performance of the Group.

Prospects

Universe has been through difficult times in the recent past, but we have put into place a sound basis from which to build the business anew. I look forward to 2007 and beyond with great purpose and optimism.

John Scholes

Chairman

CHIEF EXECUTIVE'S REPORT

Having taken part in the strategic review set up by the Board in 2006, I agreed to become CEO to drive through the recommendations from that process at the beginning of 2007.

The main elements of the future strategy are a financial restructuring, the disposal of non core activities and a focus on growing the now unencumbered subsidiary, HTEC, into new markets and territories.

HTEC

From the start of 2007 this is the only continuing business and it provides a solid base for growth. HTEC already occupies a leading position in the UK forecourt managed services market and is poised to expand into international markets both in forecourt services and the wider retail arena.

Managed services revenues are now around 50% of turnover, enhancing the quality of earnings of the company from good margin contract revenue streams.

HTEC provides Mission Critical Services to a customer base including: ASDA, Morrison, Texaco Chevron, Total Oil and BP Europe.

The HTEC product sets fall into 2 main categories:

Real Time Management Solutions:–

- On line loyalty schemes
- Virtual Back Office
- Automatic number plate recognition
- Help desk
- Field service

Payments systems:-

Chip and PIN terminals

Outdoor payment terminals

EFT solutions

Petrol EPOS and forecourt controllers

These systems give our customers unparalleled on-line power from the information gathered and reported on. HTEC's on-line systems for example help to prevent "drive offs" from petrol stations by instant comparison of customer number plates to our databases prior to authorising pump use. Our systems also constantly monitor customers' operational-critical equipment allowing us to alert customers immediately of malfunctions or disruption to their facilities. This power is encapsulated as "Information Pays" in the new 2007 marketing collateral.

The Board is committed to continued development and enhancement of the product range to keep ahead of anticipated technical and legislative changes.

Infrastructure and Investment

HTEC operates from modern well-equipped premises with sufficient capacity for growth.

To achieve the Board's growth targets, 2007 will see emphasis placed on investment in the sales and marketing function. Together with the strategic review's product clarification initiative this investment will take HTEC into new markets and geographic territories. A programme of trade shows both in the UK and Europe, product re-branding, website enhancement and new marketing material are being put in place to support this programme.

The strategic review has at its core a growth message but also identified that the decline in manufacturing revenue from HTEC's traditional business lines has resulted in manufacturing overcapacity. I will be addressing this issue as our Managed Service business grows over 2007 and 2008.

I have commissioned an internal study of the carrying value of our goodwill. The goodwill arising on the acquisition of the currency division has been written off in the discontinued line. The remaining goodwill relates to HTEC. Our initial calculations underpin a carrying value of £20.1 million but applying a more challenging discount rate (the cost of money is rising) results in an impairment of £2.8 million. This amount has been written off the carrying value, which is now £17.3 million.

Business Focus

Our focus in 2007 is on sales of our new petrol outdoor payment systems and loyalty systems. In the former we have a proven system, which will be taken up as retailers upgrade their pumps to accommodate the mandated requirements of Stage 2 Vapour Recovery. In loyalty we have systems, which can and will be sold across borders and we will be seeking every opportunity for global, European and national operators to buy HTEC's systems for implementation in other European countries and beyond.

Paul Cooper

Chief Executive Officer

Unaudited Consolidated Income Statement

		2006		Restated 2005	
	Notes	Result excluding asset impairment £000	Asset impairment £000	Total £000	Total £000
Continuing operations					
Revenue		11,346	–	11,346	15,669
Net operating costs excluding non-recurring items		(10,690)	–	(10,690)	(14,143)
Operating profit before non-recurring items	2.	656	-	656	1,526
Non-recurring items	3.	(612)	(2,871)	(3,483)	–
Operating profit/(loss)		44	(2,871)	(2,827)	1,526
Finance costs excluding non-recurring items					
		(326)	–	(326)	(546)
Non-recurring finance costs	3.	(359)	–	(359)	–
Finance costs	5.	(685)	–	(685)	(546)
(Loss)/profit before taxation		(641)	(2,871)	(3,512)	980
Taxation		–	–	–	(119)
(Loss)/profit for the year from continuing operations		(641)	(2,871)	(3,512)	861
Loss for the year from discontinued operations	4.	(254)	(2,753)	(3,007)	(623)
(Loss)/profit for the year attributable to equity shareholders		(895)	(5,624)	(6,519)	238
(Loss)/earnings per share					
Basic and diluted					
Continuing				(5.41)	1.40
Discontinued				(4.63)	(1.01)
	6.			(10.04)	0.39

Unaudited Statement of changes in equity

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
At 1 January	24,638	24,724
Revaluation changes	(131)	(170)
Deferred tax on revaluation changes	–	60
Shares issued	389	342
(Loss)/profit for the year attributable to equity shareholders	(6,519)	238
Exchange differences	(12)	(99)
Dividends declared	(164)	(457)
At 31 December	18,201	24,638

Unaudited Balance sheets

		<i>Group</i>	
	<i>Notes</i>	<i>2006</i>	<i>2005</i>
		<i>£000</i>	<i>£000</i>
Non-current assets			
Goodwill	8.	17,250	20,983
Development costs		2,655	2,533
Fonds de commerce		–	2,433
Property, plant and equipment		1,472	2,068
Investments		–	–
		<u>21,377</u>	<u>28,017</u>
Current assets			
Inventories		1,205	1,795
Trade and other receivables		1,793	2,744
Cash and cash equivalents		5	146
		<u>3,003</u>	<u>4,685</u>
Assets held for sale		854	–
		<u>3,857</u>	<u>4,685</u>
Total assets		<u><u>25,234</u></u>	<u><u>32,702</u></u>
Current liabilities			
Trade and other payables		(3,412)	(3,272)
Current tax liabilities		(296)	(390)
Short term borrowings		(3,140)	(2,621)
		<u>(6,848)</u>	<u>(6,283)</u>
Liabilities directly associated with assets classified as held for sale		(154)	–
		<u>(7,002)</u>	<u>(6,283)</u>
Non-current liabilities			
Medium term borrowings		(31)	(1,454)
Deferred tax liabilities		–	(327)
		<u>(31)</u>	<u>(1,781)</u>
Total liabilities		<u><u>(7,033)</u></u>	<u><u>(8,064)</u></u>
Net assets		<u><u>18,201</u></u>	<u><u>24,638</u></u>
Equity			
Share capital		3,281	3,147
Shares to be issued		–	39
Share premium		10,117	9,823
Revaluation reserve		–	131
Other reserves		8,603	8,603
Translation reserve		(181)	(169)
Profit and loss account		(3,619)	3,064
Total equity		<u><u>18,201</u></u>	<u><u>24,638</u></u>

Unaudited Group Cash Flow Statements

	2006	<i>Restated</i>
	£000	2005
	£000	£000
Cash flows from operating activities:		
Operating profit/(loss)		
– Continuing	(2,827)	1,526
– Discontinued	(2,680)	(623)
Depreciation and amortisation	629	933
Loss on disposal of fixed assets	–	55
Impairments	5,624	–
Movement in working capital:		
Decrease in inventories	590	641
Decrease in receivables	97	261
Increase/(decrease) in payables	375	(991)
Interest paid	(326)	(465)
Dividends paid	(255)	(305)
Tax paid	(94)	–
Net cash inflow from operating activities	<u>1,133</u>	<u>1,032</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	(79)	(294)
Purchase of intangible fixed assets	(366)	(856)
Disposal of fixed assets	–	515
Acquisitions and disposals	–	191
Net cash outflow from investing activities:	<u>(445)</u>	<u>(444)</u>
Cash flow from financing activities:		
Capital elements of lease payments	(166)	(432)
Repayment of loans	(979)	(945)
Issue of shares net of expenses	389	342
Other new loans	–	290
Net cash outflow from financing:	<u>(756)</u>	<u>(745)</u>
Decrease in cash and cash equivalents:	<u>(68)</u>	<u>(157)</u>
Cash and cash equivalents at beginning of year	(393)	(217)
Exchange differences	(12)	(19)
Cash and cash equivalents at end of year	<u>(473)</u>	<u>(393)</u>

Notes

1. Financial Information

These statements do not constitute accounts as defined by section 240 of the Companies Act 1985.

The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2005 as adjusted to International Financial Reporting Standards. These statements have been prepared on the going concern basis. The Directors consider this to be appropriate in the context of the matters referred to in this announcement, and in particular the placing of new equity to raise £2.8 million after expenses and new bank facilities to replace our existing debt structure. Nonetheless the going concern basis is dependent upon the passing of the Resolutions at the EGM referred to in the announcement.

The Company's financial statements have been prepared under the historic cost convention modified by property revaluations on a going concern basis and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use in the EU and as applied in accordance with the Companies Act 1985.

2. Operating profits on continuing operations before non-recurring items

	2006 £000	2005 £000
Revenue	11,346	15,669
Cost of sales	(7,911)	(10,517)
Gross profit	3,435	5,152
Administrative expenses	(2,779)	(3,626)
Operating profit on continuing operations before non-recurring items	<u>656</u>	<u>1,526</u>

3. Non-recurring items

Results excluding non-current asset impairment

Write off HTEC non RoHS compliant stock that after 1 July 2006 cannot be used in some manufactured products
Group restructuring costs

2006
£000

267
345

612

Non-current asset impairment

Impairment of HTEC Goodwill
Impairment of property to be sold in 2007

2,811

60

2,871

Finance costs

Accelerated amortisation of loan issue costs
Bank fees

254

105

359

4. Discontinued operations

On 29 December 2006 the Group agreed to dispose of Bellword Sarl, which carried out the Group's remaining foreign currency operations. The disposal was approved at an extraordinary general meeting on 26 January 2007 and completed on 30 January 2007 on which date control of Bellword Sarl passed to the acquirer.

The discontinued operations reported a loss in 2006 of £254,000, which has been included in the 2006 consolidated income statement

A loss of £2,753,000 arose on the impairment of the assets and liabilities of Bellword Sarl prior to its disposal, being the contracted proceeds of disposal less the carrying amount of the subsidiary's net assets and attributable goodwill.

5. Finance costs

	2006 £000	2005 £000
Interest payable on bank loans and overdrafts	300	421
Interest payable on finance leases	26	44
Amortisation of loan issue costs	–	81
Non-recurring finance costs	359	–
	<u>685</u>	<u>546</u>

Details of 2006 non-recurring items are included in note 3.

6. Loss Per Share

The loss per share is calculated by reference to the weighted average of 64,973,000 ordinary shares in issue during the year (2005: 61,506,000). The number of ordinary shares in issue at 31 December 2006 was 65,622,396 (2005: 62,927,345).

7. Dividend

The Board is not recommending payment of a final dividend (2005: 0.25p).

8. Goodwill

	2006			2005		
	<i>HTEC</i>	<i>Master-</i>	<i>Total</i>	<i>HTEC</i>	<i>Master-</i>	<i>Total</i>
	<i>£000</i>	<i>change</i>	<i>£000</i>	<i>£000</i>	<i>change</i>	<i>£000</i>
		<i>£000</i>			<i>£000</i>	
Cost at 1 January	20,061	922	20,983	20,061	922	20,983
Impairment	(2,811)	(922)	(3,733)	–	–	–
Cost at 31 December	<u>17,250</u>	<u>–</u>	<u>17,250</u>	<u>20,061</u>	<u>922</u>	<u>20,983</u>

Goodwill has been tested for impairment in accordance with IAS 36 by discounting estimated future cash flows. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by the Directors. The discount rate used is the Group's estimated weighted average cost of capital. Management has concluded that the carrying value of HTEC Goodwill after carrying out this impairment review is £17.25 million.

9. Events after the balance sheet date

An EGM was held on 26 January 2007 to:

- 1) agree to the sale of Bellword Sarl to Prime Bureau Limited, of which R.Mackie is a Director and shareholder; and
- 2) agree to a placing of 6,225,000 new ordinary 5p shares at 6p per share;

On 26 January 2007 the Company placed 6,225,000 new ordinary shares at 6 pence per share.

On 30 January 2007 the sale of Bellword Sarl was completed.

10. Report and Accounts

Copies of the Annual Report and Accounts will be sent to shareholders in April 2007 and copies will also be available, free of charge, from the Company's registered office at George Curl Way, Southampton International Park, Southampton, SO18 2RX.

PART III

ADDITIONAL INFORMATION

1. Share capital

- 1.1 The authorised and issued and fully paid share capital of the Company as the date of this document is as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Ordinary Shares of 5p each	100,000,000	5,000,000	71,847,396	3,592,369.80

- 1.2 The authorised and issued and fully paid share capital of the Company immediately following the Placing will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Ordinary Shares of 5p each	155,000,000	7,750,000	114,704,539	5,735,226.95

2. Directors' and Other Interests

- 2.1 As at 26 March 2007 (being the latest practicable date prior to the publication of this document) the interests of the Directors (including their connected persons within the meaning of section 346 of the Act) in the issued share capital of the Company (both beneficial and non-beneficial) which have been notified to the Company pursuant to section 324 or 328 of the Act or are required to be entered in the register of Directors' interests maintained under the provisions of section 325 of the Act or could with reasonable diligence, be ascertained by the Directors and as they are expected to be immediately following completion of the Placing are and will be as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares following completion of the Placing and on Admission</i>	<i>Percentage of enlarged issued ordinary share capital following completion of the Placing and on Admission</i>
Ray Mackie	8,557,397	11.91%	8,557,397	7.46%
Barrie Brinkman	886,147	1.23%	886,147	0.77%
John Scholes	–	–	365,000	0.32%
Paul Cooper	–	–	215,000	0.19%
Eddie Paul	94,500	0.13%	179,500	0.16%
Adrian Grinsell	107,329	0.15%	157,329	0.14%

- 2.2 The Directors are aware of the following interests, other than those of the Directors', held directly or indirectly in 3 per cent. or more of the issued share capital of the Company (as at 26 March 2007 being the latest practicable date prior to the publication of this document):

Director	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares following completion of the Placing and on Admission</i>	<i>Percentage of enlarged issued ordinary share capital following completion of the Placing and on Admission</i>
Ennismore Fund Management Ltd	12,717,122	17.70%	18,217,122	15.88%
Singer & Friedlander Investment Management Ltd	6,354,164	8.84%	6,354,164	5.54%
F&C Asset Management Plc	4,304,559	5.99%	4,304,559	3.75%

Save as disclosed above the Company is not aware of any interest held directly or indirectly which as at 26 March 2007 (being the latest practicable date prior to the publication of this document) represented 3 per cent. or more of the Company's issued share capital or of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

3. Summary of the Placing Agreement

The Placing Agreement dated 26 March 2007 between the Company and Charles Stanley Securities provides that Charles Stanley Securities will use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. The Placing Agreement contains warranties from the Company in favour Charles Stanley Securities (for itself and as agent for each of the Placees) in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Charles Stanley in relation to certain liabilities that may occur in respect of the Placing. The obligations of Charles Stanley Securities under the Placing Agreement are conditional, *inter alia*, upon Admission having occurred by not later than 23 April 2007 (or such later date as may be agreed, being no later than 30 April 2007), there being prior to completion of the Placing no material breach of the warranties given to Charles Stanley Securities, the auditors of the Company providing their written unqualified audit opinion on the Company's accounts for the year ended 31 December 2006 by 20 April 2007, the new banking facility agreement having been completed and Shareholders passing the Resolutions at the EGM. Charles Stanley Securities may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to Admission, if such breach is reasonably considered by Charles Stanley Securities to be material in the context of the Placing) and in the event of a force majeure event occurring at any time prior to Admission.

4. Charles Stanley Securities has given and not withdrawn its written consent to the inclusion in this document of its letter and the references to its name in the form and context in which they appear.

27 March 2007

UNIVERSE GROUP PLC

(Incorporated and registered in England and Wales with registered number 2639726)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Universe Group PLC (the “**Company**”) will be held at the offices of Fox Williams LLP, Ten Dominion Street, London EC2M 2EE on 20 April 2007 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 which will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. That the authorised share capital of the Company be increased from £5,000,000 to £7,750,000 by the creation and addition of 55,000,000 ordinary shares of 5p each having the rights set out in the Articles of Association of the Company.
2. That the directors from time to time of the Company be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (“the Act”) to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £4,054,599 provided that:
 - a. such authority shall expire on the earlier of the day five years after the date of passing of this Resolution or the date on which this authority is revoked by a resolution of the Company;
 - b. notwithstanding paragraph (a) above, this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the directors may allot relevant securities in pursuance of such offer or agreement; and
 - c. all previous authorities under section 80 of the Act be and are hereby revoked.

SPECIAL RESOLUTION

3. THAT, in accordance with section 95 of the Act, the directors be and they are hereby empowered to allot equity securities (as defined in sub-section (2) of section 94 of the Act) for cash pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) contained in resolution 2 above as if sub-section (1) of section 89 of the Act did not apply to the allotment, provided that the power hereby conferred shall be limited to:
 - a. the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment subject only to exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body in any territory; and
 - b. The allotment of equity securities to certain institutional investors and other investors at the price of 7p per ordinary share on the terms and subject to the placing agreement dated 26 March 2007 entered into between the Company and Charles Stanley Securities up to an aggregate nominal value not exceeding £2,142,857.15; and
 - c. The allotment of equity securities (otherwise than pursuant to sub-paragraphs (a) and (b) above) up to an aggregate nominal value not exceeding £573,523

This power, unless renewed, shall expire at the conclusion of the Annual General Meeting of the Company in 2007 or the date which is fifteen months from the date of his Resolution, whichever is the earlier but shall extend to the making, before such expiry, of 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 such offer or agreement as if the authority conferred hereby had not expired.

BY ORDER OF THE BOARD

Registered office

Southampton International Park
Southampton
SO18 2RX

E Paul
Secretary

27 March 2007

Notes:

1. Only those shareholders registered in the register of members of the Company as at 6.00pm on 18 April 2007 shall be entitled to attend and vote at this Extraordinary General Meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned the time which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00pm on the day preceding the date fixed for the adjourned meeting. Changes to entries on the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at this Extraordinary General Meeting.
2. Any shareholder who is entitled to attend and vote at this Extraordinary General Meeting is entitled to appoint a proxy to attend and, on a poll, vote on his or her behalf. A proxy need not be a shareholder of the Company. Completion and return of the form of proxy will not preclude a shareholder from voting in person at this Extraordinary General Meeting.
3. A form of proxy is enclosed which to be effective must be deposited at the offices of Capita Registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD (together with powers of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same) by no later than 48 hours before the time of the Extraordinary General Meeting.
4. In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s) and, for this purpose seniority, shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

