

INTERIOR SERVICES GROUP PLC
(Company number 2997684)
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fourteenth Annual General Meeting of Interior Services Group plc (the "Company") will be held at Mitre House, 160 Aldersgate Street, London EC1A 4DD on 8 December 2008 at 10.30am for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the audited accounts of the Company for the financial year ended 30 June 2008, the directors' report and the auditors' report on those accounts.
2. That the Report of the Board to the Shareholders on Directors' Remuneration be and is hereby approved.
3. That Deloitte & Touche LLP, be and are hereby re-appointed as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which audited accounts are laid, at a fee to be agreed with the Board of directors.
4. To declare a final dividend for the year ended 30 June 2008 of 9.20 pence per ordinary share payable to shareholders on the register at the close of business on 14 November 2008.
5. To re-appoint J L Jeremy, who is retiring as a director of the Company.
6. To re-appoint M J Barnes, who is retiring by rotation in accordance with the Company's Articles of Association, as a director of the Company.
7. To re-appoint R M Dantzie, who is retiring by rotation in accordance with the Company's Articles of Association, as a director of the Company.
8. To re-appoint G V Aldridge, who is retiring in accordance with the Company's Articles of Association, as a director of the Company.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolution 9 will be proposed as an ordinary resolution and resolutions 10, 11 and 12 as special resolutions:

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9. That the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined for the purposes of section 80 of the Companies Act 1985 (the “Act”)) to such persons at such times and generally on such terms and conditions as the directors may determine up to an aggregate nominal amount of £98,192 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date being five years after the date of this resolution save that the Company may before such expiry make offers or agreements 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 this authority had not expired. This authority shall be to the exclusion of and in substitution for any such earlier authority.
10. That the directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the general authority conferred on them for the purposes of section 80 of the Act and/or to sell equity securities held as treasury shares for cash pursuant to section 162D of the Act, or partly in one way and partly in the other, in each case as if section 89(1) of the Act did not apply to such allotment or sale provided that this power shall be limited to:
- (a) any such allotment and/or sale of equity securities (or partly in one way and partly in the other) in connection with an issue or offering in favour of holders of ordinary shares (other than the Company) where the equity securities respectively attributable to the interests of such holders of ordinary shares on a fixed record date are proportionate (as nearly as may be) to the respective numbers of ordinary shares held or deemed to be held by them (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any other stock exchange in any territory or in relation to fractional entitlements); and
- (b) any such allotment and/or sale (or partly in one way and partly in the other) otherwise than pursuant to paragraph (a) above of equity securities having in the case of relevant shares (as defined in section 94(5) of the Act), a nominal amount in aggregate or, in the case of other equity securities, giving the rights to subscribe for or convert into relevant shares having a nominal value not exceeding in aggregate, the sum of £29,458;
- provided that this power shall expire on the date being five years after the date of this resolution, unless varied, renewed or revoked by the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be so allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot or sell equity securities held as treasury shares in pursuance of such offer or agreement as if this power had not expired. This power shall be to the exclusion of and in substitution for any such earlier power.
11. That the Company be and is hereby generally and unconditionally authorised, pursuant to the provisions of article 53 of the Company’s Articles of Association, to make one or more market purchases (within the meaning of section 163(3) of the Act) on the Alternative Investment Market of the London Stock Exchange plc of ordinary shares of 1p each in the capital of the Company (“ordinary shares”) provided that:
- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 2,945,770;
- (b) the minimum price which may be paid for such ordinary shares is not less than 1p (exclusive of expenses);

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(c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is not more than 105 per cent of the average of the middle market values for an ordinary share as derived from the Alternative Investment Market AIM segment of the London Stock Exchange Alternative Trading Service for the five business days immediately preceding the day on which the ordinary share is purchased;

(d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2009 or 12 months from the date of passing of this resolution, whichever shall be the earlier; and

(e) the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract or contracts.

12. That the regulations contained in the document produced to the meeting (for the purpose of identification marked "A" and signed by the Chairman of the meeting) be approved and adopted with effect from the termination of this meeting as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

The directors believe that the proposed resolutions to be put to the meeting are in the best interests of shareholders as a whole and recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial shareholdings in the Company.

BY ORDER OF THE BOARD

J S P Cranney

Secretary

9 September 2008

Registered Office:

Aldgate House

33 Aldgate High Street

London EC3N 1AG

Notes to the Notice of the Meeting:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the meeting on his behalf. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.

2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the office of the registrars, Capita IRG plc (Proxies), PO Box 25, Beckenham, Kent BR3 4TU not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude ordinary shareholders from attending and voting in person at the meeting.

3. Copies of all directors' service contracts of more than one year's duration, or where any such contract is not reduced to writing, a memorandum of the terms thereof, plus a redline version of the proposed new Articles of Association will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this notice until the date of the meeting and for 15 minutes prior to and at the meeting.

4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's share register at 10:30am on 6 December 2008, being not more than

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48 hours prior to the time fixed for the meeting or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting, shall be entitled to attend the Annual General Meeting and vote in respect of the number of shares registered in their name at that time. Changes to entries on the share register made after this time will be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Explanatory notes on the resolutions

Explanation of Ordinary Business

The Companies Act 2006 requires that for each financial year, the directors present the Company's Accounts, the Directors' report and the Auditors' report before the Annual General Meeting of the shareholders of the Company. The directors are also seeking approval of the Report of the Board to the Shareholders on Directors' Remuneration.

Article 108 of the Company's Articles of Association requires that directors shall retire from office and shall be eligible for re-election. Accordingly M J Barnes and R M Dantzic are retiring and seeking re-election. J L Jeremy is retiring due to his length of service and also seeking re-election. Article 113 requires any directors appointed by the Board as additional directors shall hold office only until the next annual general meeting unless they are re-appointed. Accordingly, G V Aldridge is seeking re-appointment.

The Companies Act 2006 requires that the Company shall, at each general meeting at which accounts are presented, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next general meeting at which accounts are presented. Accordingly, the directors propose to reappoint the Company's auditors, Deloitte & Touche LLP, as the auditors of the Company and the directors are seeking shareholder approval to fix the amount of their fees.

Directors seeking re-election

J L Jeremy has been a non-executive director of the Company since 1995. He is a former merchant banker and he is an Associate of the Institute of Financial Services. He has run his own consultancy business since 1993. He is Chairman of the Remuneration Committee, a member of the Audit Committee and is also the Senior Independent Director. Due to his length of service with the Company the Board agreed that he should submit himself for re-election every year from 2007 onwards.

M J Barnes joined the Board as a non-executive director in June 2004. He has extensive experience in the leisure and hospitality industry and is a non-executive director of a number of other companies including Sportech plc and Ego Restaurants Limited. He is a member of the Remuneration Committee.

R M Dantzic joined the Board as non-executive Chairman in June 2004. A chartered accountant, he has a wealth of experience in the property sector and is a former director of Stanhope Properties plc, British Gas Properties and Development Securities plc. He is Chairman of the Audit Committee.

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G V Aldridge was appointed an executive director of the Company in January 2008 responsible for corporate development in particular to help in the development of the group's international operations. Prior to joining the Company he was a managing director in corporate finance at Bridgewell, the investment bank, focusing on the construction and support services sectors. He has been a corporate adviser to the Company since the flotation of the Company in 1998.

Explanation of Special Business

Authority to allot ordinary shares (Resolution 9)

At the Annual General Meeting, shareholders will again be asked to renew the directors' authority to allot relevant securities under section 80 of the Act, for a period of five years from the date of passing the resolution. This authority will be limited to an aggregate nominal amount of £98,192, which represents approximately 33 per cent. of the current issued ordinary share capital. Passing this resolution will give the directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. The directors have no present intention of exercising this authority except in connection with the employee share schemes of the Company.

Disapplication of pre-emptive rights (Resolution 10)

Shareholders will also be asked to allow the directors, within limits, to allot equity securities and/or to sell equity securities held "in treasury" (if any) (see below for explanation of equity securities held "in treasury") in the Company for cash without application of the pre-emptive rights provided by section 89 of the Act and for the purpose of allotting equity securities or selling equity securities held in treasury up to a maximum aggregate nominal value of £29,458, which represents approximately 10 per cent. of the current issued ordinary share capital of the Company. The authority will expire on a date being five years after the passing of the resolution unless previously renewed or revoked by the Company. There are no current plans to allot any shares except in connection with the employee share schemes of the Company.

Since 1 December 2003, companies have been allowed to purchase their own shares and hold them "in treasury", rather than having to cancel them. Treasury shares carry no right to attend or vote at meetings, or to receive dividends. Nor will the shares confer any right to participate pre-emptively in new issues by the Company. It is possible to hold treasury shares for later cash sale or for transfer for the purposes of, or pursuant to, an employees' share scheme, or to cancel them at any time.

The Company does not at present hold any shares in treasury.

Authority to purchase own shares (Resolution 11)

Resolution 11 is to authorise the Company to purchase (in accordance with its Articles of Association and within recommended best practice) up to 10 per cent. of the present ordinary issued share capital. The authority prescribes the maximum and minimum prices to be paid, and, if passed, would expire within twelve months of this year's Annual General Meeting at the latest.

The authority would only be exercised if the directors were satisfied that such purchases might be expected to result in an increase in earnings per share for the remaining shareholders and were in the best interests of shareholders generally.

Shares purchased under the authority would be treated as cancelled (and the number of shares in issue reduced accordingly) or would be held as treasury shares, which may be re-sold, cancelled or transferred for the purposes of an employee share scheme.

Shareholders will once again be asked to allow the directors, within limits, to make market purchases of the Company's shares. As at the date of this Notice, the Company had 29,457,699 shares in issue. Resolution 11 seeks authority to purchase a maximum of 2,945,770 shares, representing approximately 10 per cent. of its current issued share capital.

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Adoption of new Articles of Association (Resolution 12)

Resolution 12 is to adopt new Articles of Association (the “New Articles”) in order to update the Company’s current Articles of Association (the “Current Articles”) primarily to take account of changes in English company law brought about by the Companies Act 2006. The Company is also proposing changes to its Current Articles to incorporate provisions relating to directors’ indemnities, enhanced scrip dividends and the power to postpone meetings of the Company. The principal changes introduced in the Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted below. The New Articles showing all the changes to the Current Articles are available for inspection as noted on page **XX** of this document.

1. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed or amended (as appropriate) in the New Articles to bring them into line with the Companies Act 2006. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company’s constitution. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

4. Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days’ notice whereas previously 21 days’ notice was required.

5. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

6. Age of directors on appointment

The Current Articles contain a provision requiring a director’s age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

7. Conflicts of interest

The Companies Act 2006 sets out directors’ general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he

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has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

8. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

9. Directors' indemnities and loans to fund expenditure

Since the Current Articles were adopted, the law has changed to allow the company greater scope to provide indemnities for its directors and to fund expenditure incurred in connection with certain actions against directors. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles have therefore been amended to reflect these changes.

10. Change of name

Under the Companies Act 2006 a company name may now also be changed by whatever means are provided in the company's articles, therefore subject to any applicable legislation and any directions given by the Company in a general meeting by special resolution, the articles have been amended to give power to the Board to change the name of the Company as is considered advantageous, expedient or otherwise desirable.

11. General

Generally the opportunity has been taken to bring clearer language into the New Articles, update areas in which corporate practice has altered and in some areas to conform the language of the New Articles. In particular the New Articles now include:

- (a) the power of the Board to retract or to postpone a meeting of the Company in circumstances where the Board consider it impractical or undesirable for the meeting to proceed. Under the common law or the Companies Act 2006 (as the 2006 Act is silent on postponement) the meeting would

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have to be opened at the time and in the place specified in the notice and then adjourned immediately. This amendment improves on the position, allowing the holding of an impractical meeting to be avoided;

- (b) clarification of the provisions concerning directors' fees; and
- (c) the power of the Board to declare "enhanced scrip dividends". The Board has the power to declare a scrip dividend under the Current Articles (in which holders of ordinary shares receiving a cash dividend have the right to receive ordinary shares instead of the cash dividend). The New Articles now include the power of the board to declare enhanced scrip dividends, in which the value of the ordinary shares offered exceeds the cash amount that such holders of ordinary shares would otherwise have received by way of dividend.