

To Torex Retail Shareholders

02 October 2007

UK Shareholders Association
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Torex Update – Number 7

Meeting with Administrators

We recently had a meeting with one of the Administrators of Torex Retail and this note provides some further information on the events leading up to the Administration

1. The operating businesses were sold by the Administrators immediately after they were appointed, ie. on the same day.
2. The Administrators were consulted during the negotiations and monitored the sale process from 1 June 2007 to the date of their appointment, because once second round offers were received from bidders at the end of May 2007 and it was clear that there would be no return to shareholders, an Administration of the holding company was inevitable (as the value being offered by bidders was less than the holding company's debts). However, the appointment of the Administrators was delayed until it was known that the disposal could definitely be concluded because any earlier announcement of Administration would almost certainly have jeopardised the sale and resulted in a huge loss of value for the company's creditors..
3. As regards the actions of former directors and the issue of possible irregularities in accounts issued by the company for prior periods, please note the following. As is the case in any administration, the Administrators of the holding company are required to consider the conduct of the directors and, if they consider appropriate, to file a report on the directors' conduct to the Department for Business, Enterprise and Regulatory Reform (formerly the DTI). Whether or not the Administrators file such a report, the contents of any report are strictly confidential and the Administrators cannot comment on it.

The Administrators also cannot comment at this time on whether they might pursue any actions on behalf of the company against former directors or other parties.

4. As regards the question of our requisition of an Extraordinary General Meeting to remove certain directors:

a – All the former directors have now resigned and the company has no directors at this time (the Administrators effectively control the company and even if any directors had remained in office, they could have only acted as empowered by the Administrators). Therefore the resolutions put in the EGM requisition are clearly somewhat academic, which we concede to be true.

b – We pointed out though that company General Meetings also enable the directors to account to shareholders for their actions and for shareholders to ask questions, and it may be that shareholders might wish for such a meeting so that they could get some explanation from the Administrators as to the past events (although as mentioned below, an explanation as to past events is included in the Administrators' report to creditors). Although the Administrators clearly have the power to call a meeting of shareholders, they would prefer not to incur the expense of such a meeting since (i) this is a case where the Administrators estimate that the shareholders will receive nothing from the insolvent estate and (ii) as in any administration the shareholders' usual rights under company law have been superseded. The Administrators consider that they have the right to refuse to do so (although our lawyer questioned that). Note: I am not sure that it would provide any more information than we know already but if you feel strongly that there should be such a meeting in due course perhaps you could advise me.

5. More information on the Administration is available in the "Report to Creditors" which the Administrators published on 13 August 2007. The Administrators have provided us with a copy of that public document via email and we will send it to any shareholder who asks.

Other Actions

Our legal advisers (Edwin Coe) have written to the AIM Listing Authority (LSE), FSA and the SFO raising the issues covered in our previous "update" to shareholders. Some responses have been received which we need to clarify further.

Suggested letter to the SFO

You probably know already that the Serious Fraud Office are investigating the affairs of the company and have already interviewed some shareholders. To ensure that your complaints come to their attention we are suggesting that all shareholders that have suffered significant financial loss from the collapse of Torex Retail write to the SFO. Attached to this letter is a note explaining who you can write to and what you might say.

If you have any questions on the above, please contact me via telephone or email.

Yours sincerely

Roger Lawson
Communications Director
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Recommendations for writing to the SFO concerning Torex Retail Plc:

Address your letter to John Benstead at the Serious Fraud Office. Mr. Benstead has asked for either email or written complaints. Generally, written complaints are considered more forceful, and should be sent 'recorded delivery'.

Serious Fraud Office
Elm House
10-16 Elm Street
London
WC1X 0BJ

public.enquiries@sfo.gsi.gov.uk

Please, if you don't mind doing so, email an electronic copy of your letter to the UK Shareholders Association at uksa@uksa.org.uk

- Explain the subject of the letter, such as "I am writing to complain that I have suffered a financial loss as a result of false statements issued by Torex Retail plc and by the directors, advisors and promoters thereof. Torex traded as an AIM listed company on the LSE (ticker TRX) until 26 January 2007. All the assets of Torex have been sold for payment of senior debt only, leaving shareholders like me with nothing." Obviously you should not make allegations that you do not believe to be true or where there is no obvious supporting evidence, but your financial loss should certainly be clear and there is plenty of other material to provide supporting evidence.
- Other parties may have participated in the events you are complaining about and/or conspired with the company and we suggest you name those who you think may be involved and state what you know about their involvement. A list of the parties who have been recently involved in the affairs of Torex Retail are given in a small table below. Details of former directors and past events are covered to some extent on the UKSA web site at www.uksa.org.uk/Torex.htm or you can refer to the past regulatory news announcements for changes of directors.
- Torex last issued audited accounts for the year ending 31 December 2005. Since even that report may yet be re-stated, the accountants and auditors of that report may have failed in their duties. Accountants who participated in the preparation of the unaudited interim report of 16 March 2006 may also be relevant.
- It would probably help if you made it clear that you are willing to give evidence to the SFO on these matters.

- Make one or more tables describing your share dealings in Torex:
 1. If you had more than one transaction, make a separate table for each purchase/sale pair of transactions of the same number of shares. Start with the last sale and associate the most recent purchase with it. Make another table for any excess of purchased or sold shares. If you were left holding shares, the suspension of trading marks your last sale at £0.
 2. Each table should have the following headings:

Date	Quantity	Price	Value (£)	Decision
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3. In each table, start with your purchase and end with the sale/suspension. Put a row in between purchase and sale for each RNS item from the Torex directors that caused you to hold. In the Decision column, explain using quotes from the RNS why you decided to buy, hold or sell. The value should be simply Quantity X Price.
- Put the tables in chronological order. Explain the amount of loss due to fraud shown by each table and present the total of this loss to you at the end of the letter.

Here is a list of those parties involved with Torex Retail in recent months:

Stockbroker and NOMAD	Evolution Securities Ltd
Broker for the disposal	Jeffries Broadview
Financial PR	College Hill Associates Ltd
Bankers	Royal Bank of Scotland
Purchaser of the main assets	Cerberus

You can end the letter with something like “Thank you for agreeing to consider my account of these events. I hope to hear of any investigations on the subject of Torex Retail plc.”

The best place to get RNS listings is at: <http://www.investegate.co.uk>

If you have any trouble with the Torex data there, the Motley Fool also has these listings at: <http://fool.uk-wire.com> . Search by the EPIC symbol TRX.

Historical prices can be most easily found at: <http://uk.finance.yahoo.com/q/hp?s=TRX.L>

All the above sites need no registration.

If there is any trouble with the Yahoo historical prices, as a backup, if you register for free at ADVFN (www.advfn.com) you can get ‘java’ charts of historical prices for TRX in a date range and be able to estimate daily close prices within a penny. If you need to do this, persevere, as these are a bit cranky to load.