

Notice of Annual General Meeting

To be held at the offices of The Gate Worldwide,
Devon House, 58 St Katherine's Way, London,
E1W 1LB on 26 August 2009 at 12 noon.

Important:

For reasons explained in this Circular the Directors of Media Square plc unanimously urge shareholders to vote against resolution number eight as we feel it would not be in the interests of Media Square plc, its shareholders, its staff, its clients and its bank if Mr Lynch were to be elected as a Director.

Circular to Shareholders

Dated July 29th 2009

To: Shareholders in Media Square

This document is important. Please read it and take immediate action.

This document contains the Notice of Meeting for the Annual General Meeting of Media Square plc which will be held on August 26th at 12 noon at The Gate, Devon House, 58 St Katharine's Way, St Katharine's Dock, London, E1W 1LB.

The first seven resolutions to be discussed are normal corporate business and the Board of Media Square unanimously recommends to shareholders that they should vote in favour of these resolutions only.

However, the eighth resolution has been inserted onto the agenda by one of Media Square's shareholders, Prime Active Capital plc ("PAC"). The resolution seeks to have the Chairman of PAC, Mr Peter Lynch, elected as a Director of your company.

For reasons explained in this Circular the Directors of Media Square plc unanimously urge shareholders to vote against resolution number eight as we feel it would not be in the best interests of Media Square plc, its shareholders, its staff, its clients and its bank if Mr Lynch were to be elected as a Director.

The following documents are included as appendices to this Circular:

1. Letter to Board of Media Square from Media Square agency managers dated 14th July 2009
2. Letter to Mr Lynch dated July 15th 2009
3. Letter to Mr Lynch dated July 20th 2009
4. Letter to Mr Lynch dated July 27th 2009

BACKGROUND TO RECOMMENDATION

Media Square plc ("MSQ") is in the third year of a three year turnaround programme which was started in the autumn of 2007 after the appointment of Roger Parry as Executive Chairman and Peter Reid as Development Director. Both Mr Parry and Mr Reid have extensive experience in marketing communications and in turnaround situations. Both are ex-consultants with McKinsey and Company.

MSQ (under its previous Chief Executive, Jeremy Middleton) had got into a difficult financial position following an aggressive period of acquisitions leaving the Company with substantial debts and poor operating performance.

Prime Active Capital ("PAC") is a small investment company, quoted on AIM and the Irish stock market, which was created in August 2007 by its Executive Chairman, Mr Peter Lynch. At the time of writing PAC has a market capitalisation of £3 million and reported an operating loss for the year to December 2008 of Euros 12.33 million (source: PAC accounts).

During the autumn of 2007 and the early part of 2008 PAC acquired Contracts for Difference ("CFD"s) which gave it the option to buy shares in MSQ. This gave PAC a holding of approximately 15% in MSQ.

During early 2008 Mr Middleton arranged a series of meetings between Mr Lynch and certain shareholders and the bankers of MSQ. These meetings were arranged without any knowledge of the Board or management of MSQ. The Board of MSQ are not aware that Mr Lynch did any due diligence with the company itself, its clients or its staff other than have conversations with the ex-Chief Executive, Mr Middleton.

In June 2008 PAC acquired a further 6% of shares in MSQ.

In April 2009 Mr Tony Gill who is the owner of 10% of the shares of PAC, acquired 17% of the shares of MSQ.

During 2008 and 2009 Mr Lynch has had a number of meetings with the Directors and senior managers of MSQ. These meetings were intended to understand Mr Lynch's objectives but to date none of the Directors of MSQ nor those senior managers who were present feel they have any real understanding of what Mr Lynch is trying to achieve. In the Board's opinion he has not demonstrated any clear understanding of how MSQ and its component agencies operate, has offered no practical suggestions for ways to change our strategy or operations, apart from general comments made about a return to an acquisitive strategy, nor has offered any assistance in finding clients or recruiting talented staff.

On June 9th 2009 Mr Lynch was invited to meet a number of MSQ agency managers. These meetings resulted in a negative response from MSQ agency staff who felt Mr Lynch did not show any real understanding of their businesses. They felt his approach was hostile and aggressive and have written requesting that the Board do not to appoint him as a Director (see Appendix 1).

On June 12th 2009 Mr Lynch requested the inclusion of a resolution in the upcoming AGM to appoint himself as a Director. The Board decided to delay the date for the AGM (which had been fixed for July) to allow Mr Lynch time to explain why he wishes to be appointed a director of MSQ and to ask him some formal questions. The Board wrote to Mr Lynch on July 15th 2009 (see Appendix 2) setting out an agenda for a discussion at a meeting that had been agreed with Mr Lynch for July 23rd 2009 but Mr Lynch informed the Board on July 16th 2009 that he had decided not to attend. He was invited to respond to the Board's questions (see Appendix 3) in a written form but he has not done so.

REASONS FOR THE RECOMMENDATION

Over the past two years of the turnaround MSQ has moved from being a complex, fragmented and heavily indebted company to becoming a tightly focused, and professionally managed organisation. However the business is still relatively fragile. Despite the inevitable tensions of participating in a major turnaround, the senior management team is now united and coherent. Like all other marketing communication agency groups, MSQ is experiencing tough trading conditions as a result of the current economic recession but we believe we are well placed to thrive when more normal trading levels return.

The detailed reasons for rejecting Mr Lynch's request to be made a Director are set out in the letter to him of July 27th 2009 which is included as Appendix 4 to this Circular. The key points for rejection are that Mr Lynch:

- has provided no evidence that he has relevant experience of running marketing communications agencies;
- has not (despite repeated requests) provided any detailed proposals for his strategic or operational approach other than suggesting he would support growth by acquisition funded by equity, a proposal which is opposed by both the Board and MSQ's bank at this time;
- acquired a substantial holding in MSQ without appearing to do any due diligence on the business with the Board, staff, clients or competitors and his only contact appears to have been the ex-Chief Executive;
- has met with members of MSQ agency staff and given them a very negative impression of the contribution he would make as a Director; and
- runs a small, loss making company (PAC) the principal activity of which is selling mobile telephones in the Southern States of the USA. This has no obvious relevance to MSQ.

The Board believe, therefore, that to appoint Mr Lynch to become a Director would likely destabilise the business, confuse the strategy, alienate the staff and bring no benefit.

The Directors of Media Square also have a concern that Mr Lynch may be seeking control of MSQ and its strategic direction. The Directors believe that if Mr Lynch and any associates wish to control MSQ, they should make a takeover offer in the normal manner. While the Board is mindful of the view of its shareholders, they believe that to attempt to achieve influence and control and instigate a questionable new strategy through minority shareholding is highly unsatisfactory for shareholders as a whole.

The Board unanimously recommends that Mr Lynch is not appointed as a Director.

If shareholders wish to conduct their own research, we would strongly urge them to seek a face to face meeting with Mr Lynch personally so that they can try to understand his objectives and form their own views of his likely contribution to the Company were he to be appointed as a Director. His contact details are on the PAC web site (www.pacplc.com).

ACTIONS

**Please return your proxy card as soon as possible
Please vote AGAINST resolution 8**

Appendices of notice of meeting

APPENDIX 1: COPY OF LETTER FROM SENIOR MANAGERS TO DIRECTORS OF MEDIA SQUARE

Memo

To: The Directors of Media Square plc
 From: Managing Directors of Media Square agencies
 Date: 14 July 2009
re: Mr Peter Lynch: Prime Active Capital (“PAC”)

We understand Mr Peter Lynch, the Executive Chairman of Prime Active Capital, is attempting to have himself elected as a Director of Media Square plc. The undersigned to this letter urge the Board of Media Square to resist Mr Lynch’s efforts to join the Board and to become involved in the management of Media Square.

All of the agencies which now comprise Media Square have experienced considerable corporate change and uncertainty over the past few years. Many have had three different corporate owners and all have seen multiple changes in corporate (executive and non-executive) senior leadership team. Through this period, the long-term future of individual agencies remained constantly uncertain and agencies lacked the stable environment which is critical for a professional services firm to flourish.

Over the past eighteen months, however, with the simplification of Media Square, we now believe that we have a consistent and stable corporate framework and a clear sense of direction, despite the challenges presented by the recession. As such, we believe that any renewed corporate uncertainty at the current time could materially harm the prospects of both individual agencies and Media Square as a whole.

In addition, a number of us have met Mr Lynch and we have had the opportunity to read the PAC website, and understand the circumstances under which PAC acquired shares in Media Square. This has led us to the conclusion that Mr Lynch would not make any positive contribution to the company if he was to join the Board and, indeed, on the basis of the interaction that he has had with a number of the senior team, we believe that his presence as a Board Director could be highly divisive.

Finally, we recognise that submitting this petition is an unusual step for a group of senior managers. However, we believe that by doing so, we are acting in the interests of our staff, our clients and the shareholders of Media Square.

Yours faithfully,

Jane Atkinson MD, Smarts London
David Bernstein Creative Director, The Gate US
Barbara Boyes MD, Fourninety
Alan Brandwood FD, IAS b2b Marketing
Martin Cary COO, Illuminas
Paul Coffey MD, twentiesix
John Connaughton CEO, Illuminas
Gail Duddlestone CEO, twentiesix
Beau Fraser MD, The Gate US
Philip Gregory Chairman, The Gate
Phil Hawkins MD, The Gate UK
Addison James MD, LloydNorthover Singapore

Laurence Lloyd MD, LloydNorthover Hong Kong
Rob Morrice MD, IAS b2b Marketing
Martin Neiri MD, CMW
Arnold Ng MD, The Gate Asia
Rebecca Price MD, LloydNorthover UK
Peter Reid Group Development Director, Media Square
Tracy Scutt MD, arken
Jay Shutter MD, Illuminas Austin
Matt Tabb MD, Wax
Mike Taylor MD, LloydNorthover UK
Reuben Webb Creative Director, IAS b2b Marketing
David Worthington Chairman, LloydNorthover

APPENDIX 2: TEXT OF LETTER TO MR LYNCH DATED THE JULY 15TH 2009

Dear Mr Lynch,

re: Meeting July 23rd at 12.30pm

I am writing to you at the request of the Board of Media Square plc.

You asked for a meeting with the Board to discuss your demand for a Board position. As we have discussed, this has been scheduled for 12.30pm on Thursday July 23rd. It will be over a light lunch at our agency, The Gate, in St Katharine's Dock.

I hope you enjoyed the Media Square client party at the Transport Museum on June 9th. And that you found it useful to be able to meet and chat to some of our senior managers in an informal social setting. The managers of the various Media Square companies you met have now reported back on their conversations with you.

The purpose of the meeting on July 23rd will be specifically to discuss your request that you be appointed to the Board of Media Square and in that context my colleagues have a number of questions that I thought it might be useful to give you in advance, to help us assess your proposal, in order to make an informed recommendation to shareholders and to understand what you would like to see us doing differently and what you feel you bring to the party as a Director.

Strategy

The Board have been very clear in shareholder communications about the strategy of Media Square. In simple terms, we want to focus on operating a small number of strong agencies, each with a specific marketing communications service and try to build those agencies organically to obtain the scale where each of them is a robust and sustainable, standalone business.

This would imply for each agency that gross revenues were a minimum of £6 million and that they were operating at a margin of at least 15%. At present most of our individual agencies do not meet these criteria and the strategic goal is to grow them by winning new business and, in some cases, doing small, tuck-in acquisitions.

We do not believe that, at present, it would be appropriate for us to seek to do major acquisitions or, as you describe it, to "roll up the sector" until our debt is much reduced and all our agencies are operating well.

In terms of the long term strategy, we would not expect to see Media Square remaining as a small, AIM listed company and in the future we would anticipate some form of corporate activity, but that is some years off. We would not want to consider major acquisitions, a sale or a merger until we have put our own house in order and can obtain full value for our shareholders.

If you believe we should be pursuing a different strategy, we would very much like to know what that is.

Operations

Again, the Board have made our operational approach quite clear. We believe that each agency needs its own strong local management. Each agency needs a small top team with the appropriate craft skills to implement the service that it offers.

Where possible, we try to group agencies together in a small number of properties to share certain central costs such as reception, finance and IT.

Our operating targets are:

- Revenue per head - £80k to £100k (depending on the exact communications discipline).
- Ratio of staff costs to gross revenue should be no more than 63%.
- Operating profit margin at a Business Unit level should be a minimum of 15%.
- Senior management bonuses at the agencies to be linked to growing operating profit. Profit related bonuses will not be paid in any Business Unit where the operating margin is below 10%.

If you believe we should be following different operating policies, again, we would very much like to know.

Management

The Board are not planning any further significant changes to Media Square's management team at agency or Plc level. Are there individuals you feel should be replaced? Are there changes that you feel we should be making? Are there people you feel we should recruit? You told our NOMAD you want to find a role at Media Square for your associate Dermot Martin. What are Mr Martin's qualifications and achievements and what role and contribution do you envisage he could perform?

Jeremy Middleton (ex CEO of Media Square)

You have mentioned on several occasions that you know Jeremy socially and that you and he "go out on the lash". You worked with him to arrange meetings with shareholders and our bank in 2008 which were organized without any consultation with us. The Board would like to understand what role, if any, you would propose for Jeremy in the event that you were to become a member of the Media Square Board.

Appendices of notice of meeting

continued

Raising funds

In previous meetings you have mentioned that you will be in a position to raise significant amounts of capital for Media Square. You said that over your career you have raised "many billions of pounds". As mentioned in the strategy paragraph above, we do not believe it would be appropriate to raise either debt or equity at present as we feel this could lead to significant dilution for our existing shareholders.

Your company Prime Active Capital (PAC) which owns some 21% of Media Square is listed on AIM. According to the London Stock exchange web site the following facts seem relevant.

- In the year 2008 PAC reported operating losses of EUROs 12.33m
- In the same year PAC consumed cash of EUROs 4.57 m
- The market value of PAC (at July 15th 2009) was £ 3m

The main activity of PAC is a chain of loss-making mobile telephone stores in the United States which is consuming both operating cash and capital expenditure and which you say you plan to expand by acquisition.

Even if we wished to raise new equity (which we do not) please explain how PAC could be a source of funding for Media Square. You have said PAC might support a rights issue – how?

Relevant Expertise

I quote below from the PAC web site:

Our corporate strategy is to identify and acquire companies where value can be added or enhanced through the support of the PAC management team. The PAC management team takes an active role in managing change at the target company and prepares and executes a strategic plan for value enhancement or turnaround. PAC will also provide interim management for as long as required. Please explain what experience you or any member of your team has of running marketing communications agencies. As a potential non executive director, do you have any experience of running agencies in the disciplines of advertising, design, marketing, market research or public relations?

In simple terms please explain why you think you can run Media Square and its agencies more effectively than the current team.

What would you do differently?

Source of your original interest

The Board would like to understand what led you to make your investment in Media Square in the first place. And what role Jeremy Middleton played in this. The share purchase – done using Contracts for Differences (CFDs) represented a very significant proportion of the cash reserves of PAC. We were at the time, and remain, surprised that such a major investment was made without any contact between yourself and the management of Media Square. You appear to have done no due diligence at all.

The use of buying CFDs without disclosure has now been banned by AIM. Why did you use CFDs rather than simply buy shares? If you believe Media Square needed capital, why did you not approach us to suggest an equity issue?

Would you explain to us your original motivation so we can understand your objectives?

References

In the light of your demand to become a director, our advisors have taken up references from your previous employers, Adare and Eircom. These references have raised some issues which we want to discuss with you on July 23rd.

Linked to this our advisers need to be able to verify the c.v. you wish to have included in the circular to shareholders. Please contact Collins Stewart to agree with them a version which has been verified. This can be done alongside their questionnaire.

Your objectives

The Board assume that if you wish to become a Board member, you must have some objectives in mind, either for yourself personally or for PAC or for Media Square. Specifically, do you wish to merge Media Square and PAC? Do you wish to become Chairman of Media Square? Do you want PAC to buy some Media Square agencies?

It would be useful if you could share with us your objectives so we could understand what it is that you are trying to achieve. We can then discuss if your objectives would bring value to all our shareholders.

We all look forward to seeing you at 12.30pm on July 23rd for what I hope will be a constructive and open meeting.

Yours sincerely on behalf of the Board of Media Square plc,

APPENDIX 3: TEXT OF LETTER TO MR LYNCH DATED THE JULY 20TH 2009

Dear Mr Lynch,

re: Your request to become a Director of Media Square plc

I am writing to you, again, on behalf of the Board of Media Square plc.

The Board is very disappointed that you have chosen to cancel the meeting that you requested and that we had scheduled for 12.30pm on Thursday July 23rd. We feel this was a particularly important meeting as the objective was to give you the opportunity to explain in detail your desire to become a Director of Media Square plc. And to explain to us why you feel your appointment would be in the best interest of all shareholders.

We particularly wanted to give you the opportunity to answer in detail the questions that were posed to you in the Board's letter of July 15th. Some of which are the same questions we have been asking you since May of 2008.

In the event that you are not able now to meet with us in person, we would urge you, as I suggested by email last week, to give us written answers to our questions. This will enable us to give an informed recommendation to shareholders about how they should vote at the AGM. We will be setting the date of the AGM and approving the Notice of Meeting at our Board on July 23rd.

In addition to the questions we sent you on July 15th (I attach another copy for ease of reference) our advisors have asked for you to give us written clarification on a number of further points which are detailed below.

The Board and our advisors consider that the answers to all of these questions are of vital importance to shareholders as the shareholdings of PAC, your pension fund, yourself, Tony Gill and Jeremy Middleton comprise more than 40% of the issued share capital and together, may be sufficient to pass any advisory resolutions.

- In addition to yourself do you plan to seek Board places for other people? In particular will you seek board positions for your associates Dermot Martin, Jeremy Middleton and Tony Gill?
- Do you plan to seek the removal of any of the current Directors of Media Square at shareholder meetings?
- Do you support the current Board and management or are you seeking changes to the line up?
- By your own admission PAC is having significant business problems in America and your place of work and residence is Ireland. How much time would you have available to participate in Media Square board meetings?
- Do you have any plans to seek to merge the business activities of PAC and Media Square? Can you give an undertaking that you will not seek any such merger?
- You informed our NOMAD and the Board that the purchase of Contracts for Difference in Media Square by PAC was being investigated by the Financial Services Authority. Can you tell us the status of this investigation?
- The connections between PAC and its shareholder Mr Tony Gill are being investigated by the Takeover Panel as both PAC and Mr Gill are now substantial shareholders in Media Square. Can you update us on the status of this investigation?

In summary the Board have been asking you for more than 12 months to give us some clear answers on behalf of PAC, your pension fund and yourself to basic questions about your intentions and your views on specific changes you feel might be required to our strategy and operations. You are seeking our recommendation for your resolution to have yourself elected as a Director. We need to have your answers when we consider this issue at our meeting on July 23rd.

Our Board meeting starts on Thursday 23rd at 2.30pm and we would appreciate your answers by e mail or courier by then. There is a possible postal strike in London so post would not be reliable

As some of the Board's questions relate to the role and instructions of Mr Gill and Mr Middleton, we are sending a copy to them with a request that they also respond before our Board Meeting on 23rd July.

On behalf of the Board of Media Square plc,

Yours sincerely,

Appendices of notice of meeting

continued

APPENDIX 4: TEXT OF LETTER TO MR LYNCH DATED THE JULY 27TH 2009

Dear Mr Lynch,

re: Your request to be appointed as a Director of Media Square plc

This letter is on behalf of the Board of Media Square. This letter reflects our unanimous opinion and reflects the advice of our lawyers and comments of our NOMAD.

At your request we had arranged for the Board of Media Square to meet with you on July 23rd at 12.30PM to discuss with you your request to be appointed as a Director. For more than 12 months we have been writing to you asking you to be clear about what you are trying to achieve. On July 15th we sent you a list of questions to provide structure to the meeting on July 23rd. The next day you informed us you wished to cancel the meeting. We have invited you to answer our questions in writing but you have not done so.

The Board have considered your request and are unanimous in rejecting your application to become a Director. And, therefore, the Board is unanimous in recommending to shareholders that they vote against the resolution you have requested be put at the upcoming AGM to have you elected as a Director.

This letter is to tell you why the Directors of Media Square unanimously oppose your resolution to be appointed as a Director of this company.

The reasons for our position are set out in detail below but, in broad terms, it is a combination of the way that you went about building your shareholding in Media Square, the way that you made approaches to some of our shareholders and bankers, the nature of your interactions with a number of senior managers of this Group, the lack of any evidence of your having relevant experience in operating marketing communications agencies and your failure to explain to us in a number of meetings how you feel we should take a different approach to our strategy and operational tactics.

On behalf of the Board, we lay out below, in broadly chronological order, background facts and reasons for our refusal to accept you as a Director.

- From October 2007 until May 2008 PAC acquired a 15% shareholding in Media Square using the technique of buying Contracts For Difference (CFDs) which meant that the identity of the purchaser was concealed. At no point during the time that these CFDs were acquired did you make any contact with any members of the Media Square Board or the Media Square management. Under the revised AIM Rules, the method you used to accumulate CFDs in a covert fashion has now been changed such that disclosure of such positions is required.
- During roughly the same period you met with Media Square's ex-Chief Executive, Jeremy Middleton. You have told us that you and Mr Middleton "like to go out on the lash", which, together with other points in this letter, suggests that you are social and business associates.
- In May 2008 you converted your CFDs into shares and at that point informed us of your holding.
- In July 2008 PAC acquired a further block of shares in Media Square plc.
- You also appear to have a shareholding in Media Square with your personal pension fund.
- During the early part of 2008 Jeremy Middleton arranged for you to have meetings with a number of our shareholders and also with our banking team from HBOS. These meetings were organised without the knowledge of the Board of Media Square. The people who met you during this period have reported back to the Board that they found the meetings unsatisfactory and found your behaviour "eccentric".
- Our bankers, HBOS (who you met in May 2008), are strongly resistant to any significant change in Media Square's current strategy. They would certainly be absolutely against us raising equity to make acquisitions. Were you to become a director of the company, it is the belief of this Board that it could seriously jeopardise our ongoing banking facilities.
- The Board of Media Square has met with you on a number of occasions, the first one being in June 2008. On each occasion you have been evasive. You have refused to make clear your objectives in acquiring shares in Media Square. You have not explained what strategy or tactics you would like us to adopt.
- Despite repeated requests you have provided no evidence that you or your associates have any experience of running marketing communications agencies. Your only specific proposal is that your associate Dermot Martin be allowed to consult with us about "our supply side".
- The only strategic indication you have given is to say that over your career you have "raised billions of pounds" and you would like to get behind Media Square and help us raise money for acquisitions. The Board want to make it quite clear that at this stage of the turnaround of Media Square, we do not believe it would be appropriate to raise additional funds to make significant acquisitions. Our strategy is to strengthen Media Square's financial position first.
- On Tuesday June 9th 2009 you were invited to the annual Media Square client party to give you the opportunity to meet our managers in an informal social setting. Members of the Media Square management team who met with you formed a negative impression of yourself and your motives. They reported back that you did not seem to understand their businesses and that you had a "hostile" attitude. Many of the senior management team have written to the Board and made it quite clear that they would oppose your becoming a Director.

To date, it is the assessment of the Board that your involvement with Media Square, insofar as we have been able to determine your objectives, has been wholly negative. The way that you acquired your holding, your lack of clear answers to basic questions and the way that you have conducted yourself with senior members of staff have produced significant concerns.

In summary, your interactions with Media Square plc, its shareholders, its bankers, its Board and its senior managers have been unhelpful and it is the opinion of the Directors of Media Square plc that your appointment as a Director would not be in the best interests of our clients, our staff, our bankers or our shareholders.

It is the view of the Board of Media Square plc that if you and any associates wish to take control of this company, you should make an offer to all shareholders to buy the company in the normal way. If the shareholders are prepared to accept that offer, you will then have full control and could do whatever you like. We are not prepared to allow you to try and obtain influence and creeping control through trying to force us to accept you as a Director on the Board.

On behalf of the Board of Media Square plc,

Yours sincerely,

Notice of Annual General Meeting

Notice is hereby given that the ninth Annual General Meeting of Media Square plc (the "Company") will be held at the offices of The Gate Worldwide, Devon House, 58 St Katherine's Way, London, E1W 1LB on Wednesday 26 August 2009 at 12.00 noon for the transaction of the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' report and financial statements for the year ended 28 February 2009.
2. To re-elect Michael George as a Director in accordance with the Company's Articles of Association.
3. To elect Bruce Winfield as a Director in accordance with the Company's Articles of Association.
4. To re-appoint Grant Thornton UK LLP as Auditors of the Company to hold office until the next General Meeting at which accounts are laid and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolution 5 will be proposed as an ordinary resolution and resolutions 6 and 7 which will be proposed as special resolutions.

5. That in substitution for all existing authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,100,000 (or, if less, the authorised share capital remaining unissued and unreserved), provided that this authority shall expire 18 months from the date of this resolution and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement, notwithstanding that the authority conferred hereby has expired. In this resolution the expression "relevant securities" and references to the "allotment" of any relevant securities shall bear the same respective meanings as in section 80 of the Act.

Explanation of Resolution 5

Resolution 5 would renew the Directors' authority to allot shares up to a maximum nominal amount of approximately one-third of the Company's issued Ordinary share capital. The existing authority would be revoked and this authority would expire after 18 months from the date of this resolution.

6. That subject to the passing of resolution 5, the Directors be empowered pursuant to section 95 of the Act, to allot equity securities (within the meaning of the Act) of the Company for cash pursuant to the general authority conferred on them by resolution 5 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with an offer of securities (whether by way of a rights issue, open offer or otherwise), open for acceptance for a period fixed by the Directors, to holders of Ordinary shares on the register on any fixed record date in proportion to their holdings of Ordinary shares, subject to such exclusions or other such arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory;
 - (b) the allotment (otherwise than pursuant to paragraph (a) above) of securities up to an aggregate nominal amount of £330,000; and
 - (c) a period of 18 months from the date of this resolution; Provided that the above power shall also apply in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if the words "pursuant to the general authority conferred on them by resolution 4" were omitted.

Explanation of Resolution 6

Resolution 6 would give the Directors authority to allot shares for cash as though the rights of pre-emption conferred by section 89 (1) of the Act did not apply:

- (a) in respect of the whole of the authorised but unissued share capital in connection with an offer to existing shareholders (to allow the Directors to take action to overcome certain practical difficulties which could arise in the case of such offer), and
- (b) up to approximately 10% of the current issued Ordinary share capital of the Company (to give the Directors some flexibility in financing business opportunities as they arise). This power would expire after 18 months from the date of this resolution. The disapplication of pre-emption rights also applies to the sale by the Company of treasury shares.

7. That the Company be and is hereby granted general and unconditional authority (pursuant to section 166 of the Act) to make market purchases (as defined in section 163 of the Act) of any of its own Ordinary shares on such terms and in such manner as the Directors of the Company may from time to time determine provided that:
 - (a) the maximum number of shares authorised to be purchased is such number as represents an aggregate nominal value of £330,000, being approximately 10% of the nominal value of all issued Ordinary shares in the capital of the Company;
 - (b) the maximum price which may be paid for a share is an amount equal to not more than 105% of the average of the middle market quotations for the shares taken from the London Stock Exchange Daily Official List for five business days before the day on which the purchase is made; and
 - (c) the minimum price which may be paid for a share is its nominal value exclusive of any attributable expenses payable by the Company; and
 - (d) the authority conferred by this resolution shall expire 18 months from the date of this resolution, except that the Company may, before such expiry, enter into a contract for the purchase of its own shares which may be completed by or executed wholly or partly after the expiration of this authority.

Explanation of Resolution 7

In certain circumstances it may be advantageous for the Company to purchase its own shares. Resolution 7 gives the Directors authority to do so, such authority to expire 18 months after the date of this resolution.

The Directors intend to exercise this power only if and when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action. Shares purchased by the Company under this authority may be cancelled or identified and held as treasury shares (subject to the provisions of the Act).

This resolution specifies the maximum number of shares which may be acquired, being approximately 10% of the Company's current issued Ordinary share capital, and the maximum and minimum prices at which they may be bought.

8. That Peter E Lynch, having consented to act, be appointed as a Director of the Company with effect from the close of the meeting.

Explanation of Resolution 8

This resolution was added to the agenda of the AGM by Mr Peter Lynch using his rights as a shareholder. It is opposed by the Board of the Company.

The Board unanimously recommends shareholders to vote in favour of Resolutions 1 to 7 above and against resolution 8 above.

By Order of the Board

Bruce Winfield
Company Secretary
29 July 2009

Registered Office:
Clarence Mill
Clarence Road
Bollington
Macclesfield
Cheshire
SK10 5JZ

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:

- 11 am on 24 August 2009; or,
- if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, contact Neville Registrars as provided below.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars at 18 Laurel Lane, Halesowen, West Midlands, B63 3BR ; and
- received by Neville Registrars no later than 48 hours before the time fixed for the meeting.

Notice of Annual General Meeting

continued

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please follow the procedures shown above.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Neville Registrars at 18 Laurel Lane, Halesowen, West Midlands, B63 3DA no later than 11am on 24th August 2009. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

10. 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 member 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 the other corporate representatives for that member 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 member attends the Meeting but the corporate member 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 members 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 to appoint the Chairman as a corporate representative as described in (i) above.

Issued shares and total voting rights

11. As at 22 July 2009, the Company's issued share capital comprised 33,170,613 Ordinary shares of 10 pence each (including 931,900 Ordinary shares held in Treasury). Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 22 July 2009 is 32,238,713.

Communication

12. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted): by writing to the Company at its registered office or Neville Registrars at 18 Laurel Lane, Halesowen, West Midlands, B63 3DA.

You may not use any electronic address provided within this document to communicate with the Company for any purposes other than those expressly stated