

Notice of Annual General Meeting

(see notes on page 49 for a brief explanation of each of the resolutions)

Notice is hereby given of the Company's fourth Annual General Meeting to be held at John Stow House, 18 Bevis Marks, London EC3A 7JB on Wednesday, 23 September 2009 at 9.00 am for the following purposes:

Ordinary Business

To receive and, if thought fit, pass the following resolutions numbered 1-5 (inclusive) as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the year ended 31 March 2009, together with the Report of the Directors and the Independent Auditors' Report on those accounts.
2. To reappoint Mr John Foster-Powell, who is retiring by rotation in accordance with the Company's articles of association, as a director and being eligible, offers himself for election.
3. To reappoint Mr John Green, who is retiring by rotation in accordance with the Company's articles of association, as a director and being eligible, offers himself for election.
4. To reappoint Mr Charles Price, who is retiring by rotation in accordance with the Company's articles of association, as a director and being eligible, offers himself for election.
5. To reappoint Horwath Clark Whitehill LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company 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 6 will be proposed as ordinary resolutions, and resolutions 7 and 8 will be proposed as special resolutions:

Ordinary resolution

6. That in place of all existing authorities the directors be generally and unconditionally authorised pursuant to 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 (2) of the Act) of the Company up to a maximum aggregate nominal amount of £257,935 representing approximately 55% of the current issued ordinary share capital of the Company provided that:
 - (a) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or earlier, unless previously revoked or renewed by the Company in a general meeting;
 - (b) the Company shall be entitled to make prior to the expiry of such authority any offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and
 - (c) all prior authorities to allot relevant securities be revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

Special resolution

7. That, subject to and conditional upon the passing of resolution 6 the directors be granted power pursuant to section 95 of the Act to allot equity securities for cash (within the meaning of Section 94 of the Act) pursuant to the authority conferred by the said resolution 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 issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of ordinary shareholders on the register on a date fixed by the directors where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of

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the ordinary shares held by them on that date but subject to such exclusions and other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or other legal or practice difficulties under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or as regards shares in issue in uncertified form; and

- (b) the allotment (otherwise than pursuant to sub-paragraph a) above) of any equity securities having an aggregate nominal amount, not exceeding in aggregate £93,795 representing approximately 20% of the current issued ordinary share capital of the Company;

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or earlier, save that the Company may before such expiry make 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 power conferred hereby had not expired.

Special resolution

8. That, the Company be unconditionally and generally authorised in accordance with section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) on the London Stock Exchange plc's market for Alternative Investment Market securities, of ordinary shares of 1p each in the capital of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate nominal amount, not exceeding in aggregate £93,795 representing approximately 20% of the Company's issued ordinary share capital at the date of this resolution;
- (b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 1p;
- (c) the maximum price, exclusive of any expenses, which may be paid for each share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased;
- (d) this authority shall expire on the earlier date of the conclusion of the next Annual General Meeting of the Company or earlier unless such authority is revoked or renewed prior to such time; and
- (e) the Company may make a contract to purchase ordinary shares under this authority prior to the expiry of this authority which will or 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 as if such authority had not expired.

By order of the Board

R-M Sexton

Company Secretary

Registered Office:
John Stow House
18 Bevis Marks
London EC3A 7JB

Dated: 29 July 2009

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Notes:

- (1) A member of the Company entitled to attend and vote at the above-mentioned Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not also be a member.
- (2) A Proxy Form is enclosed. To be valid, the Proxy Form (together with the power of attorney or other authority under which it is signed, or a notarially certified copy thereof) must be received at the office of the Company's Registrars, Capita Registrars, The Proxy Department, Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 9.00 am 21 September 2009 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time fixed for the adjourned meeting at which the proxy is to vote.
- (3) Completing and returning the Proxy Form does not preclude a member from attending and voting at the meeting.
- (4) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those holders of Ordinary Shares who are registered on the Company's Share Register as at 6.00 pm on 21 September 2009 shall be entitled to attend the Annual General Meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the Share Register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (5) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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Explanatory notes to the Notice of Annual General Meeting

Resolution 1 – report and accounts

The directors are required to present the accounts for the year ended 31 March 2009 to the meeting.

Resolutions 2, 3 and 4 reappointment of directors

The articles of association of the Company require that one third of the directors of the Company must seek re-election at the Annual General Meeting.

Resolution 5 – reappointment of auditors

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the Company's existing auditors, Horwath Clark Whitehill LLP, and authorises the directors to agree their remuneration.

Resolution 6 – authority to allot the relevant securities

The Company requires the flexibility to allot equity securities from time to time. Accordingly, resolution 6 seeks to grant (until the next Annual General Meeting or earlier) the directors authority to allot equity securities up to an aggregate nominal amount of £257,935 which represents approximately 55% of the Company's issued share capital at 23 July 2009. Save in respect of the issue of new ordinary shares pursuant to the share incentive schemes, the directors currently have no plans to allot relevant securities but the directors believe it to be in the interests of the Company for the board to be granted this authority to enable the board to take advantage of appropriate opportunities which may arise in the future.

Resolution 7 – disapplication of section 89 (1) of the Companies Act 1985

This resolution seeks to disapply the pre-emption rights provisions of section 89 of the Companies Act 1985 in respect of the allotment of equity securities pursuant to rights issues and other pre-emptive issues and in respect of other issues of equity securities for cash up to an aggregate nominal value of £93,795 being approximately 20% of the current issued ordinary share capital. If given, this power will expire at the same time as the authority referred to in resolution 6. The directors consider this power desirable due to the flexibility afforded by it.

Resolution 8 – authority to purchase Company's own shares

The articles of association of the Company provide that the Company may from time to time purchase its own shares subject to other consents required by law. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant (until the next Annual General Meeting or the expiry of 15 months if sooner) the directors authority to purchase the Company's own shares up to a maximum aggregate nominal value of £93,795 being approximately 20% of the issued ordinary share capital of the Company. In proposing this resolution, the directors consider that it is in the best interests of the Company and its shareholders that the directors should keep the ability to make market purchases of the Company's own shares without the cost and delay of an extraordinary general meeting to seek specific authority for a share purchase. It is only exercisable if to do so would increase earnings per share and it is in the best interest of shareholders generally.

Documents available for inspection

There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays and public holidays) , and at for at least 15 minutes prior to and during the Annual General Meeting, copies of:

1. The service contract of each executive director and the letter of appointment of each non-executive director.
2. Copies of the current Articles of Association.

Form of Proxy

for use at the Annual General Meeting of Merchant Securities plc

I/We, the undersigned, being (a) member/member(s) of Merchant Securities plc, hereby appoint the Chairman of the Meeting (see note 1) or

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 9.00 a.m. on 23 September 2009 at the Company's offices at John Stow House, 18 Bevis Marks, London EC3A 7JB and at any adjournment thereof. I/We wish my/our proxy to vote as shown below in respect of the resolutions set out in the Notice of the Meeting.

Resolutions	For	Against	Vote Withheld*	Discretionary
1. To receive the annual accounts of the Company for the year ended 31 March 2009, together with the directors' report and the independent auditors' report, and declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To reappoint Mr John Foster-Powell as a director of the Company who retires by rotation in accordance with the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To reappoint Mr John Green as a director of the Company who retires by rotation in accordance with the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To reappoint Mr Charles Price as a director of the Company who retires by rotation in accordance with the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint Horwath Clark Whitehill LLP as auditors and to authorise the directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the directors to allot relevant securities pursuant to section 80 of the Companies Act 1985.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To disapply pre-emption rights on the allotment of securities pursuant to section 95 of the Companies Act 1985.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Company to make purchases of its own shares at the market rate of up to 20% of the shares in issue.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you want your proxy to vote in a certain way on the resolutions specified, please place an "X" in the appropriate box. If you select "Discretionary" or fail to select any of the given options your proxy can vote as he/she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting.

*The "Vote Withheld" option is to enable you to abstain on any particular resolution. However, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

Signed _____ Dated this _____ day of _____ 2009

Name _____

Address _____

Notes:

- If any other proxy is preferred strike out the reference to the Chairman of the Meeting stated above, add the name of the proxy you wish to appoint and initial the alteration. A member may appoint more than one proxy to attend on the same occasion. A proxy need not also be a member of the Company.
- If the appointor is a corporation this form must be executed either under its common seal or under the hand of an officer or attorney duly authorised to sign it. **Please return the form of proxy to Capita Registrars Limited, The Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU.**
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members. The signature of one holder will suffice, but the names of all the joint holders should be stated.
- Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company but must attend the meeting in person) of his own choice to attend and to vote in his/her place. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If a member wishes to appoint a proxy other than the Chairman, delete the words "the Chairman of the Meeting or," initial the alteration and insert the name of the person you wish to appoint as your proxy. All members are entitled to attend and vote at the meeting, whether or not they have returned a form of proxy.
- To be valid, this form must be completed and deposited (together with any power of attorney or authority under which this form is signed) at the Company's registrars, at the address shown overleaf, not later than 48 hours before the Annual General Meeting. Deposit of the form of proxy will not preclude a member from attending and voting at the meeting or at any adjournment of it.
- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.



THIRD FOLD AND TUCK IN

BUSINESS REPLY SERVICE
Licence No. MB 122



FIRST FOLD

Capita Registrars
Proxies
PO Box 25
Beckenham
Kent
BR3 4BR

SECOND FOLD