

**THIS DOCUMENT IS IMPORTANT. PLEASE READ IT IMMEDIATELY. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in Cinpart Plc, please send this Document, together with the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the person who now holds the shares.

The Directors of Cinpart Plc, whose names and functions appear on page 4 of this Document, and the Company accept responsibility, both collectively and individually, for the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **CINPART PLC**

(incorporated in England and Wales under the Companies Act 1985  
with registered number 03148295)

**Recommended Proposals for  
Reduction of Share Premium Account and  
Cancellation of Deferred Shares  
and  
Notice of Extraordinary General Meeting**

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Notice of the Extraordinary General Meeting of the Company to be held at 10:00 a.m. on 17 November 2009 at 75 Brook Street, London W1K 4AD is set out on page 7 of this Document.

A Form of Proxy for use at the Extraordinary General Meeting is enclosed, and to be valid the Form of Proxy must be completed in accordance with the instructions set out on it and returned to Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event not later than 10:00 a.m. on 13 November 2009. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you wish to do so. Your attention is drawn to the notes to the Form of Proxy.

Your attention is also drawn to the letter from the Chairman of the Company which is set out on pages 4 to 6 of this Document and recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	28 October 2009
Latest time and date for receipt of Form of Proxy	10:00 a.m. on 13 November 2009
Extraordinary General Meeting	10:00 a.m. on 17 November 2009
Court Hearings*	9 December 2009 and 15 February 2010
Effective Date*	16 February 2010

*If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of a Regulatory News Service announcement. All events listed in the above timetable following the Extraordinary General Meeting are conditional on the passing of the Resolutions at the Extraordinary General Meeting. All references to time in this Document are to London time.*

\* *The dates of the Court Hearings and the Effective Date are estimated only and will depend, inter alia, on the ability of the Court to accommodate the Company's application.*

## DEFINITIONS

The following definitions apply throughout this Document and the accompanying Form of Proxy unless the context requires otherwise:

“Act”	the Companies Act 2006
“Board” or “Directors”	the directors of the Company, whose names are set out on page 4 of this Document
“Company” or “Cinpart”	Cinpart Plc
“Court”	The High Court of Justice in England and Wales
“Deferred Shares”	the Deferred Shares of 9.5p and the Deferred Shares of 0.49p
“Deferred Shares of 9.5p”	deferred shares of 9.5p each in the capital of the Company
“Deferred Shares of 0.49p”	deferred shares of 0.49p each in the capital of the Company
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company convened for 10:00 a.m. on 17 November 2009 to approve the Resolutions, or any adjournment of the Extraordinary General Meeting
“Form of Proxy”	the form of proxy for use by Shareholders at the Extraordinary General Meeting
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Reduction of Capital”	the proposed reduction of the share premium account by £2,152,370 and cancellation of the Deferred Shares
“Resolutions”	the resolutions as set out in the notice of the Extraordinary General Meeting on page 7 of this Document
“Shareholders”	the holders of Ordinary Shares

# CINPART PLC

## LETTER FROM THE CHAIRMAN

*(incorporated and registered in England and Wales with registered number 03148295)*

*Directors:*

Philip Palmer *Chairman*  
Kevin Baker *Executive Director*  
Christopher Foster *Executive Director*

*Registered Office:*

The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

28 October 2009

*To Shareholders and, for information only, to the holders of options and warrants over Ordinary Shares.*

Dear Shareholder,

### **Reduction of Share Premium Account, Cancellation of Deferred Shares and Extraordinary General Meeting**

#### **Introduction**

The purpose of this circular is to provide Shareholders with details of your Board's proposal to reduce its capital by the reduction of the Company's share premium account and by cancelling and extinguishing all of the Deferred Shares in issue. An Extraordinary General Meeting of the Company is to be convened for 17 November 2009 at which the Resolutions to approve the Reduction of Capital will be put to Shareholders.

#### **Reasons for the Reduction of Capital**

The audited financial statements of the Company for the year to 31 December 2008 show a retained earnings deficit on its balance sheet of £5,599,643. This deficit reflects losses derived from operating and investment activity in previous financial years. The existence of this deficit constrains the ability of the Company to, amongst other things, pay dividends. It will not be able to do so until the deficit is eliminated and the Company has distributable reserves.

Your Directors consider that the retained losses are not representative of the Company's current trading activities and prospects and for so long as the carried forward losses from earlier years cause the profit and loss account of the Company to remain in deficit, the Company will be constrained by the Act from distributing profits by way of dividend.

The Board has accordingly resolved to seek Shareholder approval to effect a reduction of capital that will eliminate the retained earnings deficit of £5,599,643 on the balance sheet of the Company as at 31 December 2008.

#### **Reduction of Share Premium Account**

At 31 December 2008 the share premium account of the Company as shown in its audited financial statements at that date stood at £2,233,163. The share premium account has subsequently been increased by approximately £1,172,638 as a result of further issues of Ordinary Shares during the period 1 January 2009 to 30 September 2009. Balances on the share premium account arise when the Company issues its shares at a premium to their nominal value from time to time. The share premium account is an undistributable reserve and the Company's ability to use any amount credited to that reserve is limited.

However, with the approval of its Shareholders and the consent of the Court, a company may reduce or cancel its share premium account and move the sum which results upon such a reduction or cancellation to its profit and loss account where it may be set against any existing deficit.

It is proposed that the share premium account will be reduced by £2,152,370, which would leave the share premium account at an unaudited balance of approximately £1,253,431 as at 30 September 2009.

### **Cancellation of Deferred Shares**

The Company is also proposing to take this opportunity to cancel the Deferred Shares as these have limited rights, effectively no economic value and are the result of certain capital restructurings of the Company that were completed in previous years. The Board does not consider there to be any commercial purpose in maintaining the Deferred Shares. Upon the cancellation of the Deferred Shares, the Directors anticipate that a sum equal to their nominal value will become available to the Company for the purposes identified above.

Under the rights attaching to the Deferred Shares pursuant to the Articles of Association of the Company, the holders of Deferred Shares confer on the Company authority to appoint any one or more of the Directors to execute transfers of the Deferred Shares for no consideration to such person as the Directors may determine. All of the Deferred Shares have accordingly been transferred to PMA Nominees Limited which has sanctioned the cancellation thereof and any variation of the class rights of the Deferred Shares that might have been caused by such cancellation.

The cancellation of the Deferred Shares will cause the total nominal amount of the Deferred Shares, amounting to £3,447,273 to be deducted from the share capital of the Company. The effect of the cancellation of the Deferred Shares will be to create reserves, equal to the nominal amount of the Deferred Shares that have been cancelled, that may be transferred to the Company's profit and loss account.

The combined effect of the reduction of the share premium account and the cancellation of the Deferred Shares will be to add a total amount of £5,599,643 to the reserves of the Company, which will extinguish all of the carried forward losses as shown in its balance sheet as at 31 December 2008 included in the Company's audited financial statements of the same date. The carried forward reserves of the Company will accordingly be reduced to £nil. Were the profit and loss account for the present financial year to show any net profits, the Company would then have distributable profits of that amount which may, subject to the provisions of the Act, in due course be available for distribution by the Company.

### **Application to the Court**

Once the Shareholders have approved the Reduction of Capital (which will require special resolutions), it will be necessary for the Company to petition the Court to seek its approval of the proposals. Two Court Hearings at which, subject to the discretion of the Court, the Reduction of Capital is to be confirmed are likely to be scheduled for around 9 December 2009 and 15 February 2010. However, the actual date of the Court Hearings to confirm the Reduction of Capital will be advertised in a national newspaper as directed by the Court at least seven days before the hearing. The Reduction of Capital will only take effect on the date that an office copy of the Court Order and a statement of capital showing the Company's share capital as altered by the Court Order is duly registered by the Registrar of Companies (the "Effective Date"). It is expected that the Court Order will have been registered by around 16 February 2010.

### **Tax Implications**

This paragraph summarises certain UK income tax and capital gains tax consequences for the Company and its Shareholders of the implementation of the Reduction of Capital, based on current UK legislation and what is understood to be current HM Revenue and Customs practice.

It is intended as a general guide and applies only to corporate Shareholders who are resident or, of individuals, ordinarily resident in the UK for tax purposes.

#### **(i) The Company**

The Company has been advised that the Reduction of Capital will not, of itself, generate a tax liability for the Company.

#### **(ii) Shareholders**

The Company has been advised that, although the cancellation of the Deferred Shares will be treated as a disposal of those shares for capital gains tax purposes, because the holder of the Deferred Shares will receive no capital sum in consideration of the cancellation of such shares, there should be no capital gains tax liability accruing to it on such disposal.

The Company will write to PMA Nominees Limited, the holder of the Deferred Shares, setting out the number of Deferred Shares held by it and that are to be cancelled, in time to enable it to complete its tax return.

**If you are in any doubt about your tax position, you are advised to consult an appropriate independent professional adviser immediately.**

### **Confirmation of Authorised Share Capital**

At the time of the Company's original admission to AIM in September 1997, the Company passed special resolutions that included a resolution to increase the authorised share capital of the Company from £50,000 to £1,200,000. The text of the resolution that was signed following the shareholders meeting correctly referred to the increase of authorised share capital to £1,200,000, but incorrectly referred to the number of new Ordinary Shares to be created as 7,000,000 Ordinary Shares of 10p. The correct number of new Ordinary Shares to be created by the increase in authorised share capital was 11,500,000 Ordinary Shares of 10p each. The special resolution was passed by the holders of subscriber shares and the Directors are satisfied that the reference to the incorrect number of Ordinary Shares was an inadvertent error in the text of the resolution. The admission document issued at that time and all subsequent documentation refers to the authorised share capital at that time as consisting of 12,000,000 Ordinary Shares of 10p each.

In view of the restructuring of the share capital to be implemented by the Reduction of Capital, it is considered appropriate to confirm the correct calculation in the earlier resolution. The Directors are accordingly proposing that a resolution is to be passed at the Extraordinary General Meeting to correct the error in the earlier resolution and to confirm that the authorised share capital at that time and shares in issue, are consistent with the correct calculation and ratified accordingly. This resolution is to be proposed as a special resolution.

### **Extraordinary General Meeting**

There is attached to this Document the Notice convening an Extraordinary General Meeting of the Company to be held on 17 November 2009.

The Special Business to be conducted at the EGM is set out in the notice of EGM and will consist of the Resolutions necessary to approve the Reduction of Capital being put to Shareholders for approval.

### **Action to be Taken**

The Form of Proxy for use by Shareholders at the Extraordinary General Meeting is enclosed. If you are unable to be present at the Extraordinary General Meeting, please complete and sign the Form of Proxy and return it to the Company's registrars, Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to be received as soon as possible and, in any event, by no later than 10:00 a.m. 13 November 2009.

You are entitled to appoint a proxy to attend and to exercise all or any of your rights to vote and to speak at the Extraordinary General Meeting instead of you. However, the completion and return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish to do so. Your attention is drawn to the notes to the Form of Proxy.

### **Recommendation**

The Directors consider that the proposals to be considered at the Extraordinary General Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as whole. The Directors unanimously recommend that you vote in favour of all the proposed Resolutions as they intend to do in respect of their own beneficial holdings of 9,827,563 Ordinary Shares representing approximately 12.50 per cent. of the Company's existing issued Ordinary Share Capital.

Yours sincerely

Philip Palmer  
*Chairman*

# CINPART PLC

(the “Company”)

(incorporated and registered in England and Wales with registered number 03148295)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Cinpart Plc will be held 10:00 a.m. on 17 November 2009 at 75 Brook Street, London W1K 4AD (the “Meeting”) to consider, and if thought fit, to pass each of the following resolutions as special resolutions of the Company.

### SPECIAL BUSINESS

1. **THAT** the amount standing to the credit of the share premium account of the Company be reduced by £2,152,370.
2. **THAT** the share capital of the Company be and is hereby reduced by cancelling and extinguishing the 15,409,000 Deferred Shares of 9.5p each and 404,779,408 Deferred Shares of 0.49p each in the capital of the Company.
3. **THAT** the correction of the text of Special Resolution No. 2 of 19 September 1997 to read “THAT the authorised share capital of the Company be increased from £50,000 to £1,200,000 by the creation of 11,500,000 Ordinary Shares of 10p each ranking pari passu in all respects with the existing Ordinary Shares of the Company” be confirmed and ratified and that all issues of shares in the Company derived from the Ordinary Shares created by such resolution be and they are hereby ratified and confirmed.

By order of the Board

Capita Company Secretarial Services Limited  
*Secretary*  
Cinpart Plc

*Registered Office:*

The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

Dated: 28 October 2009

*Notes:*

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company’s register of members at 10:00 a.m. on 13 November 2009 (or in the case of adjournment forty-eight hours before the time of the adjourned meeting provided that in calculating such periods no account shall be taken of any part of a day that is not a working day) will be entitled to attend and vote at the Meeting. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.
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 complete and submit more than one proxy form and make it clear how many shares the proxy has voting rights over. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member on the record date will result in the proxy appointment being invalid.
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 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.
6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To be valid, a form of proxy must be completed, signed and delivered to Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 10:00 a.m. on 13 November 2009 (or 48 hours before the time fixed for any adjourned meeting or in the case of a poll to be taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for taking the poll provided that in calculating such periods no account shall be taken of any part of a day that is not a working day and where the poll is not to be taken forthwith but is to be taken not more than 48 hours after it was demanded, at the meeting at which the poll was demanded).

Any power of attorney or any other authority under which the proxy form is signed (or a notarially certified or office copy of such power or authority) must be included with the proxy form.
7. 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 a duly authorised officer of the Company or an attorney for the Company.
8. 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).
9. 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.
10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars of the Company, Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (in the case of a member which is a company, the revocation notice must be executed in accordance with note 5 above).

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 in writing and included with the revocation notice. The revocation notice must be received by Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time fixed for the holding of the Meeting or any adjourned meeting or the time appointed for taking a poll.

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.
11. Appointment of a proxy form 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.
12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.
13. Except as provided above, members who have general queries about the Meeting should call Capita Registrars Limited on 0871 664 0300 (Calls cost 10p per minute) (no other methods of communication will be accepted).