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25 June 2015

**Mechan Controls PLC (“Mechan” or “Company”)
Commencement of Formal Sale Process & Strategic Review**

Introduction

Mechan Controls PLC is an industrial holding company quoted on ISDX. Its three divisions (“Mechan Group”) include Mechan Controls, a supplier of high quality, innovative and bespoke electronic safety solutions for use in a wide range of industrial sectors; Nirvana Engineering, a trusted brand in a niche market providing battery racking and cabinets to the reserve power sector; and PJO Engineering, which supplies provides specialist services to blue chip customers in the mining and utility sectors including proprietary drilling machines and methane extraction equipment.

In the light of the Mechan’s recent trading performance, set out below, the Board believes it is an appropriate point to undertake a strategic review of the Company’s options. Although the Board believes that Mechan has a secure future as an independent quoted business, it remains a relatively small industrial group and the Board believes that under new ownership, the Mechan Group may be able to develop and grow their revenues more quickly than the Company is able to do on a standalone basis. This could help the Board realise additional value for shareholders. However the Board will only engage with third parties willing to provide value to Mechan's shareholders by recognising and supporting the Company's growth potential.

Discussions relating to the sale of the Company as a whole are being conducted under the framework of a "formal sale process" under the City Code on Takeovers and Mergers (the "Code"), in order to enable conversations with parties interested in making proposals on a confidential basis. These may include an offer for the entire issued share capital of the Company or for the purchase of all or part of the Mechan Group. The Company has appointed KBS Corporate Limited (“KBS Corporate”) to conduct the formal sale process in conjunction with EGR Broking Limited (“EGR Broking”), which is advising Mechan as Independent Adviser for the purposes of Rule 3 of the Code.

The Company expects this review to be concluded in the coming weeks. Shareholders are advised that there can be no certainty that any offers will be made, any sales concluded, nor as to the terms of any offer or sale.

Trading Update

On 27 May 2015, Mechan announced its annual results for the year ended 31 December 2014, which showed audited consolidated turnover of £3,944,742 (2013: 3,599,793) and consolidated profits before taxation of £634,180 (£327,170). Earnings per share were 23.79p (2013: 11.42p). Current trading remains in line with expectations.

Implications of the Formal Sale Process under the Code

Parties with a potential interest in making an offer for, or merging with Mechan, or in acquiring one or more of its divisions, should contact KBS Corporate (contact details as set out below). Any interested party will be required to enter into a non-disclosure agreement with the Company on terms satisfactory to the Board and on the same terms, in all material respects, as the other interested parties, before being permitted to participate in the process. The Board reserves the right to alter any aspect of the process or to terminate it at any time and will make further announcements as appropriate. The Board reserves the right to reject any approach or terminate discussions with any interested party or participant at any time.

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Code such that any interested party participating in the formal sale process will not be required to be publicly identified as a result of this announcement (subject to note 3 to Rule 2.2 of the Code) and will not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in the formal sale process. Interested parties should note Rule 21.2 of the Code, which will prohibit any form of inducement fee or other offer-related arrangement, and that the Company, although it may do so in the future, has not at this stage requested any dispensation from this prohibition under Note 2 of Rule 21.2.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the Code and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

Following this announcement, the Company is now considered to be in an "offer period" as defined in the Code, and the dealing disclosure requirements listed below will apply.

The Board of Mechan reserves the right to terminate the formal sale process at any time and in such cases will make an announcement as appropriate. The Board of Mechan also reserves the right to reject any approach or terminate discussions with any interested party or participant at any time.

Rule 2.10 Disclosure

In accordance with Rule 2.10 of the Code, as at the date of this announcement, the Company has 2,000,000 ordinary shares of 2.5 pence each in issue and admitted to trading on the growth market of the ICAP Securities & Derivatives Exchange. The International Securities Identification Number for the ordinary shares is GB0033495515.

Further announcements will be made as and when appropriate and in accordance with the Code where applicable.

The Directors of Mechan Controls PLC take responsibility for this announcement.

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This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on Website

A copy of this announcement will be made available at www.mechancontrols.co.uk no later than 12:00 noon (London time) on 26 June 2015 (being the business day following the date of this announcement) in accordance with Rule 30.4 of the Code. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

EGR Broking, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Mechan and no one else in connection with the matters referred to in this announcement, and will not be responsible to anyone other than Mechan for providing the protections afforded to clients of EGR Broking nor for providing advice in connection with the matters referred to in this announcement.