



MECHAN CONTROLS PLC

(Incorporated in England & Wales under the Companies Act 1985, registered number 5934263)

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(Incorporated in England & Wales under the Companies Act 1985, registered number 5934263)

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John A Faulkner
Russell Shaw

20th April 2016

To Mechan Controls plc shareholders and persons with information rights.

Dear Shareholder,

We are writing to inform you of recent developments relating to Mechan Controls plc as required under Rule 2.12 of the Takeover Code.

The following is the text of an announcement released by Mechan Controls plc today, 20th April 2016:

Mechan Controls PLC ("Mechan" or "Company") End of Formal Sale Process pursuant to the Takeover Code

Introduction

Mechan Controls PLC is an industrial holding company quoted on ISDX. Its three divisions ("Mechan Group") include Mechan Controls, a supplier of electronic safety solutions for use in a wide range of industrial sectors; Nirvana Engineering, 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.

On 25th June 2015 Mechan announced it was undertaking a formal sales process for its operating businesses which might include an offer for the entire issued share capital of the Company or the purchase of all or part of Mechan Group. After conducting the sales process, it has become apparent that there is currently no interest from potential purchasers of parts of the Mechan Group in bidding for the entire Company and that it is no longer appropriate for the Company to remain in an Offer Period.

End of Formal Sales Process

The Board of Mechan therefore announces that Mechan is no longer in a formal sales process pursuant to the City Code on Takeovers and Mergers (the "Code"). As the Company has ceased to be in an Offer Period, the disclosure requirements pursuant to Rule 8 of the Code are no longer applicable.

Update on Sale of Operating Businesses

Following a number of discussions held during the Autumn of 2015 and the early part of 2016, the Board received a number of acquisition proposals for individual operating businesses which to date have failed to match the Board's view of their value. The Board continues to explore ways of realising additional value for shareholders and to explore opportunities for the sales of its businesses individually. However as previously advised there can be no certainty that any acceptable offers will be received, nor any sales concluded. The Board is also examining alternative ways of returning value to shareholders. Further announcements will be made as and when appropriate.

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

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observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

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 21 April 2016 (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.

This letter will be available on Mechan's website at www.mechancontrols.co.uk as soon as possible and in any event no later than 12 noon on 21st April 2016.

Your sincerely

A handwritten signature in black ink, appearing to read 'W. Boardman', with a stylized flourish at the end.

Wilfrid Boardman
Chairman