

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant or other independent financial adviser who, if you are in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in The Innovation Group plc in certificated form, please send this document, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom you have sold or transferred your shares for delivery to the purchaser or transferee.

The Innovation Group plc

Incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 3256771

Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company, to be held at the registered office of the Company, Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, Hampshire PO15 7AE at 10.00 am on 16 March 2009, is set out at the end of this document. A Form of Proxy for use at the Annual General Meeting is attached at the end of this document and to be valid should be completed in accordance with the instructions printed thereon so as to be received by Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event not later than 48 hours before the date and time of the Annual General Meeting or any adjournment thereof. Completion and posting of the Form of Proxy does not prevent a shareholder from attending and voting in person at the Annual General Meeting.

Your attention is drawn to the letter of recommendation to vote in favour of the resolutions set out in the letter from the Chairman of The Innovation Group plc which forms part of this document.

THE INNOVATION GROUP PLC
(Registered in England No. 3256771)

Directors:

David Allan Thorpe (*Non-executive Chairman*)
Hassan Sadiq (*Chief Executive*)
Geoffrey Squire OBE (*Non-executive Director*)
Christopher Banks (*Non-executive Director*)
James Morley (*Non-executive Director*)
Kurt Lauk (*Non-executive Director*)

Registered office:
Yarmouth House
1300 Parkway
Solent Business Park
Whiteley
Hampshire
PO15 7AE

20 February 2009

Dear Shareholder

ANNUAL GENERAL MEETING

The recently received annual report and accounts of the Company for the year ended 30 September 2008 ("**Accounts**") should be read in conjunction with this document.

A notice convening the Annual General Meeting of the Company, to be held on 16 March 2009 ("**AGM**"), is to be found at pages 4 to 6 of this document.

I am writing to provide you with information on the resolutions to be proposed at the AGM.

Ordinary Business of the AGM

Resolutions 1 to 6 comprise the ordinary business of the AGM and each will be proposed as an ordinary resolution. An ordinary resolution is passed by a simple majority vote.

Resolution 1 is to receive and adopt the audited financial statements of the Company for the year ended 30 September 2008 and the reports of the directors and auditors thereon.

Resolution 2 is to declare a final dividend for the year ended 30 September 2008. The final dividend requires the approval of the shareholders at the AGM. The directors are recommending a final dividend of 0.05 pence for each ordinary share to shareholders on the register at the close of business on 14 March 2009. If approved, the final dividend will be paid on 31 March 2009.

Resolution 3 is to approve the directors' remuneration report for the year ended 30 September 2008.

Resolutions 4 and 5 are to re-elect to the board two of the current directors, Hassan Sadiq and David Allan Thorpe. Hassan Sadiq and David Allan Thorpe are required by the articles of association of the Company to retire by rotation and are offering themselves for re-election at the AGM.

Biographical details of each director seeking re-election at the meeting can be found on page 15 of the Accounts. The Board believes that these directors should be re-elected as their individual participation and experience within the industry and markets in which the Group operates adds considerably to the Group's overall ability to deliver on its objectives. A performance evaluation of these directors was performed during the year and the results show they continue to be effective and demonstrate commitment to their roles.

Resolution 6 concerns the re-appointment and remuneration of the Company's auditors.

Special Business of the AGM

Resolutions 7, 8, 9, 10 and 11 comprise the special business of the AGM. Resolutions 8, 9, 10, and 11 will be proposed as special resolutions. A special resolution requires the sanction of three fourths of the votes cast at the AGM. Resolution 7 will be proposed as an ordinary resolution.

Resolution 7 is to renew the authority of the directors pursuant to section 80 of the Companies Act 1985 to allot relevant securities of the Company, which authority will otherwise expire at the AGM. The nominal value of the relevant securities to which the new authority will relate shall be limited to £4,333,454.28, representing one third of the Company's issued share capital as at 20 February 2009. The directors currently do not have any immediate intention to exercise this authority. At 20 February 2009, the Company did not hold any shares in treasury.

Resolution 8 is to enable the directors to allot equity securities for cash in certain circumstances without having first to offer them to existing shareholders on a basis pro-rata to their existing shareholdings. The power to do so is limited to allotments (1) in connection with any rights issue or similar offer and (2) otherwise to allotments of up to 32,500,907 ordinary shares (representing five per cent. of the Company's issued share capital as at 20 February 2009).

Resolution 9 is to authorise the Company to purchase up to 32,500,907 of its issued ordinary shares at a price of not less than 2 pence nor more than 105 per cent. of the average of the middle market quotations for ordinary shares in the Company on the Daily Official List of the London Stock Exchange plc for the five business days prior to the date of the purchase. This resolution will permit the Company to repurchase up to 5 per cent. of its issued share capital as at 20 February 2009 should this be appropriate having regard to market conditions from time to time.

Resolution 10 is to approve amendments to the Company's articles of association to reflect market practice and to take account of the fact that the Companies Act 2006 reduces the significance of a company's memorandum of association. An explanation of the proposed changes is set out in the Appendix to this document. A print of the articles marked to show these proposed amendments is available for inspection as noted on page 6 of this document.

Resolution 11 is to approve the calling of general meetings (other than annual general meetings) on 14 days' notice after the implementation of the Shareholder Rights Directive which is intended to be implemented in the UK in August this year. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period.

Action to be taken

A Form of Proxy for use at the AGM is attached to this document and you are requested to complete it in accordance with the instructions thereon and return it as soon as possible and, in any event, so as to be received by Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the date and time of the AGM or any adjournment thereof. Completion and return of a Form of Proxy will not prevent you attending and voting in person at the AGM if you so wish.

Recommendation

The directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of each of the resolutions, as they intend to do in respect of their aggregate beneficial holdings which currently represent approximately five per cent. of the Company's issued share capital.

Yours faithfully

David Allan Thorpe
Chairman

THE INNOVATION GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of The Innovation Group plc (the "**Company**") will be held at the registered office of the Company, Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, Hampshire PO15 7AE at 10.00 am on 16 March 2009 for the purposes of transacting the following business, all of which will be proposed as ordinary resolutions apart from resolutions 8, 9, 10 and 11 which will be proposed as special resolutions.

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the year ended 30 September 2008 and the reports of the directors and auditors thereon, and the auditable part of the directors' remuneration report.
2. To consider the recommendation of the directors as to a final dividend for the year ended 30 September 2008 of 0.05 pence for each ordinary share in the Company and, if thought fit, to declare a dividend accordingly.
3. To approve the directors' remuneration report for the year ended 30 September 2008.
4. To re-elect Hassan Sadiq as a director.
5. To re-elect David Allan Thorpe as a director.
6. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to agree their remuneration.

SPECIAL BUSINESS

7. That the directors be and are hereby generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 ("**Act**"), to exercise all the powers of the Company to allot relevant securities (which expression shall for the purpose of this resolution have the same meaning as in section 80(2) of the Act) of the Company provided that:
 - 7.1 the maximum aggregate nominal value of the relevant securities which may be allotted pursuant to such authority shall be limited to £4,333,454.28;
 - 7.2 subject as provided in sub-paragraph 7.3 of this resolution, such authority shall (unless previously revoked, varied or renewed by the Company in general meeting) expire at the earlier of the conclusion of the next annual general meeting of the Company or 15 months from the date of passing of this resolution; and
 - 7.3 such authority shall permit and enable the Company to make offers or agreements, before the expiry of such authority, which would or might require relevant securities to be allotted after such expiry and shall permit the directors to allot relevant securities pursuant to any such offers or agreements as if such authority had not expired.
8. That subject to and conditional upon the passing of resolution 7 above ("**Section 80 Resolution**") the directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act (other than section 94(3A) of the Act)) of the Company whether pursuant to the authority conferred by the Section 80 Resolution or otherwise in the case of treasury shares (as defined in section 162A of the Act), at any time up to the earlier of (1) the conclusion of the next annual general meeting of the Company and (2) the expiry of the period of 15 months from the date of the passing of this resolution, in each case as if section 89(1) of the Act did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities for cash:

- 8.1 in connection with an offer by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement), to holders of equity securities in proportion as nearly as may be to their respective holdings of such securities or in accordance with the rights attaching thereto but with such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates or legal or practical problems under the law of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or as regards shares held by an approved depository or in issue in uncertificated form; and
- 8.2 otherwise than pursuant to paragraph 8.1 of this resolution up to a maximum nominal amount equal to £650,018.14;

and so that the power granted by paragraphs 8.1 and 8.2 of this resolution shall permit and enable the Company to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and shall permit the directors to allot such securities pursuant to any such offer or agreement notwithstanding the expiry of such power.

In this resolution:

- a) the nominal amount of any securities should be taken to be, in the case of a right to subscribe for or convert any securities into shares of the Company, the nominal amount of the shares which may be allotted pursuant to such right; and
- b) words and expressions defined in or for the purposes of sections 89 to 96 inclusive of the Act shall bear the same meanings herein.

This power applies 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 in the first paragraph of this resolution the words "That subject to and conditional upon the passing of resolution 7 above" were omitted.

9. That in accordance with Part V of the Act, the Company be and is hereby generally and unconditionally authorised (pursuant to section 166 of the Act) to make one or more market purchases (as defined in section 163 of the Act) on London Stock Exchange plc ("**Exchange**") of any of its own ordinary shares of 2 pence each ("**Ordinary Shares**") on such terms and in such manner as the board of directors of the Company may from time to time determine provided that:

- 9.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 32,500,907;
- 9.2 the maximum price which may be paid for an Ordinary Share is an amount equal to not more than 105 per cent. of the average of the middle market quotations for an Ordinary Share on the Daily Official List of the Exchange for the five business days before the day on which the purchase is made exclusive of attributable expenses payable by the Company;
- 9.3 the minimum price which may be paid for an Ordinary Share is 2 pence exclusive of attributable expenses payable by the Company; and
- 9.4 the authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company or 15 months after the date of its passing (whichever shall first occur), except that the Company may, before such expiry, enter into a contract for the purchase of Ordinary Shares which may be completed by or executed wholly or partly after the expiration of this authority.

10. That the Articles be and are hereby altered as follows:

10.1 with immediate effect:

- 10.1.1 by deleting from article 53 the words "Save as otherwise provided by these Articles, two persons present in person or by proxy and entitled to vote on the business to be transacted shall be a quorum, which for the avoidance of any doubt includes corporate representatives or proxies appointed by the same member." and substituting therefor the words "Save as otherwise provided by these Articles, two

persons present in person or by proxy (not being corporate representatives or proxies appointed by the same member) and entitled to vote on the business to be transacted shall be a quorum.”;

10.1.2 by deleting articles 181 to 183 in their entirety; and

10.1.3 inserting as new article 181: “The liability of the members is limited to the amount, if any, unpaid on the shares held by them”; and

10.2 with effect from 00.01 am on 1 October 2009, the articles be amended by deleting all of the provisions of the Company’s memorandum of association which, by virtue of section 28 Companies Act 2006, are to be treated as part of the Company’s articles of association.

11. That the Company be authorised to continue to call general meetings (other than annual general meetings) on 14 days’ notice.

By order of the Board

20 February 2009

Jane Hall
Company Secretary
Yarmouth House
1300 Parkway
Solent Business Park
Whiteley
Hampshire PO15 7AE

Notes:

- (i) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company as at 6.00 pm on 14 March 2009 shall be entitled to attend, speak or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 pm on 14 March 2009 shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
- (ii) A member entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy is enclosed.
- (iii) To be valid for the meeting, a Form of Proxy should be completed, signed and lodged (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) with Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours before the date and time of the Annual General Meeting or any adjournment thereof.
- (iv) To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer’s agent RA10 by 10.00 am on 14 March 2009. 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 issuer’s agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company’s registrars no later than 6.00 pm on 14 March 2009.
- (v) Copies of the directors’ service contracts or letters of appointment and a copy of the memorandum and articles of association of the Company together with a print of the articles marked to show the proposed amendments will be available for inspection by members at the registered office of the Company during normal business hours from the date of this Notice until the conclusion of the Annual General Meeting.
- (vi) As at 19 February 2009, being the latest practicable date prior to the publication of this document, the Company’s issued share capital consists of 650,018,142 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 19 February 2009 are 650,018,142.

APPENDIX

Explanation of proposed changes to be made to the Company's articles of association (the "Articles").

1. Dispute resolution and choice of law

The Articles were previously amended to include dispute resolution and choice of law provisions. It has since come to the Company's attention that they may not be suitable given the international scope of the Company's business. Articles 181 to 183 of the Articles set out the dispute resolution and choice of law in respect of disputes involving the Company. The Company is proposing that articles 181 to 183 of the Articles be deleted in order to follow best practice.

2. Quorum

The Company is proposing that article 53 be amended to reflect the position that for a quorum there must be two separate shareholders present in person or by proxy or corporate representative. Article 53 currently provides for a quorum if two proxies or corporate representatives for the one shareholder are present which may not be appropriate for a quoted company.

3. Provisions of the Company's Memorandum of Association ("**Memorandum**") (which, if approved, will automatically come into force on 1 October 2009)

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles. The Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The Companies Act 2006 (the "**2006 Act**") significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of the original subscribers and the number of shares each subscriber agreed to take on incorporation of the Company. Under the 2006 Act, the objects clause and all other provisions which are currently contained in an existing company's memorandum will be deemed to be contained in a company's articles of association from 1 October 2009.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its Memorandum with effect from 1 October 2009. Resolution 10.2 confirms the removal of these provisions from the Company's Articles. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum regarding limited liability, an amendment is being proposed to the Articles to include a statement regarding the limited liability of the shareholders.