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If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek personal financial advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Dillistone Group Plc (the "Company"), please send this document and all accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through or to whom the transfer was effected so that they can be passed on to the person who now owns the shares.

Dillistone Group Plc

(Registered in England and Wales with company number 4578125)

Notice of Annual General Meeting

To be valid the accompanying form of proxy for use in connection with the Annual General Meeting of the Company, to be held on Tuesday 25 May 2010 at 11.00 a.m. at the offices of the Company at 50 - 52 Paul Street, London EC2A 4LB, (the "AGM" or "Meeting") **should be completed, signed and returned to reach the Company Secretary, Dillistone Group Plc, 50-52 Paul Street, London EC2A 4LB by not later than 11.00 a.m. on Friday 21 May 2010.** The completion and return of a form of proxy will not preclude you from attending and voting in person at the Meeting should you wish. For full details on proxy appointments, please see the notes to the Notice of Annual General Meeting and the accompanying form of proxy.

Dillistone Group Plc

28 April 2010

Dear Shareholder,

I am writing to inform you that the Annual General Meeting of the Company will be held on Tuesday 25 May 2010 at 11.00 a.m. at the offices of the Company at 50 - 52 Paul Street, London EC2A 4LB. Details of the business to be considered are set out in the Notice of Annual General Meeting (the “**Notice**”) which follows this letter. I should like to make some comments on a number of the matters to be dealt with at the AGM.

Final Dividend

Following the payment of a further interim dividend of 7 pence per ordinary share of 5 pence each in the capital of the Company (“**Ordinary Share**”) on 1 April 2010, no final dividend will be proposed at this year's AGM.

Resolution 2 – Re-election of Alex James

This resolution concerns the re-election of Alex James, who is retiring at the Meeting by rotation in accordance with article 87 of the Company's articles of association (“**Articles**”). Biographical and other details relating to the directors of the Company (the “**Directors**”), including Alex James, are contained in the report and accounts for the year ended 31 December 2009.

Resolution 3 – Election of Julie Pomeroy

As announced on 12 April 2010, Julie Pomeroy has been appointed to the board of directors of the Company (the “**Board**”) with effect from 19 April 2010. In accordance with the Articles, Julie is required to put herself forward for election by shareholders at the first AGM following her appointment, and accordingly does so at the Meeting.

Julie, 54, is an experienced finance director of quoted and private companies and the Board is confident that she will be an asset to the Company. Julie graduated with an honours degree in physics from Birmingham University. She is a Chartered Accountant and Chartered Director as well as holding tax and treasury qualifications. Julie was group finance director of Carter & Carter Group plc until October 2005 having joined in 2002 to help grow and float the business. She had previously been chief financial officer of Weston Medical Group plc and prior to this, Julie worked at East Midlands Electricity plc as director of corporate finance. In August 2006 Julie was appointed to the role of finance director of AIM quoted Biofutures International plc and will continue in this role. Julie is also a non-executive director of Nottinghamshire Healthcare NHS Trust.

Resolution 6 – Directors' power to allot shares

Section 549 of the Companies Act 2006 (the "**Act**") stipulates that directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employees' share scheme) unless they are authorised to do so by the shareholders in general meeting. The Directors' current authority to allot shares was granted at last year's Annual General Meeting and is due to expire at the conclusion of the Meeting. Resolution 6 seeks a new general authority from shareholders (to the exclusion of the previous general authority granted at last year's Annual General Meeting) for the Directors to allot relevant securities up to an aggregate nominal value of £94,424, representing approximately one-third of the nominal value of the issued ordinary share capital of the Company as at the date of the Notice. The Directors do not have any present intention of exercising this authority, but they consider it desirable that the specified amount of unissued share capital is available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company.

Resolution 7 – Directors' power to allot shares for cash

Resolution 7 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where (i) the allotment takes place in connection with a rights issue or (ii) the allotment is limited to a aggregate nominal amount of £28,327 (equating to 566,544 Ordinary Shares), representing approximately 10% of the nominal value of the issued ordinary share capital of the Company. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company. Resolution 7 will also give the Directors power to sell ordinary shares held in treasury on a non pre-emptive basis, subject always to the limitations noted above. The Directors consider that the power proposed to be granted by resolution 7 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Resolution 8 – Authority to purchase shares (market purchases)

Under Resolution 8, which is proposed as a special resolution, the Company will seek to renew the current limited authority to make purchases in the market of its own ordinary shares subject to specified limits including the minimum and maximum prices which may be paid. The maximum number of ordinary shares which the Company may purchase pursuant to this authority is limited to a maximum of 566,544 Ordinary Shares, representing approximately 10% of the issued ordinary share capital of the Company at the date of the Notice.

In seeking this authority the Board is not indicating any commitment to buy back Ordinary Shares. The Board will only exercise the authority if, in the light of market conditions prevailing at the time, it considers that the purchases of Ordinary Shares can be expected to result in an increase in earnings per share and be in the best interests of shareholders generally. The Directors do, however, consider it desirable for this authorisation to be available to provide flexibility in the management of the Company's capital reserves. In the event of any purchase under this authority, the Directors would either hold the purchased Ordinary Shares in treasury or cancel them. The authority will expire at the conclusion of the next Annual General Meeting of the Company.

Resolution 9 - Adoption of new articles of association

At the AGM, a special resolution will be proposed in relation to the adoption of revised Articles following the full implementation of the Act in October 2009. The principal changes are set out in the Appendix to the Notice.

The proposed new articles of association can be found at the DG Plc website at the following address;

<http://www.dillistone.com/downloads.asp?PagelId=375>

Action to be taken

Whether or not you intend to attend the AGM, please complete and return the accompanying form of proxy to the Company Secretary so as to be received no later than 11.00 a.m. on Friday 21 May 2010. By doing so, you will not preclude yourself from attending and voting in person at the Meeting.

Recommendation

Your Board considers each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings.

Yours faithfully

Dr. Mike Love

Non-Executive Chairman

Dillistone Group Plc

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Dillistone Group Plc (the "**Company**") will be held at the offices of the Company at 50 - 52 Paul Street, London EC2A 4LB on Tuesday 25 May 2010 at 11.00 a.m. (the "**AGM**" or "**Meeting**") for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

1. **Report and accounts**

To receive the audited annual accounts of the Company for the year ended 31 December 2009, together with the directors' report and the auditor's report on those annual accounts.

2. **Re-election of director**

To re-elect Alex James, who retires by rotation in accordance with the Company's articles of association.

3. **Election of director**

To elect Julie Pomeroy who, having been appointed a director since the last annual general meeting, offers herself for election in accordance with the Company's articles of association.

4. **Re-appointment of auditors**

To re-appoint Saffery Champness as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

5. **Auditors' remuneration**

To authorise the directors to determine the remuneration of the auditors.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7, 8 and 9 will be proposed as special resolutions.

6. **Directors' authority to allot shares**

That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the

"Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "**relevant securities**") up to an aggregate nominal amount of £94,424 provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

7. Directors' power to allot shares for cash

That the directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 6 above and/or by way of a sale of treasury shares (by virtue of Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:

- (a) the power conferred by this resolution shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
 - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £28,327; and
- (b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011 except that the Company may before the expiry of this power 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 an offer or agreement as if this power had not expired.

8. Authority to purchase shares (market purchases)

That the Company be and it is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 5 pence each of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 566,544;

- (b) the minimum price which may be paid for any such share is 5 pence (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for any such shares is an amount equal to 110% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require ordinary shares to be purchased by the Company after such expiry and the Company may purchase ordinary shares notwithstanding such expiry.

9. Adoption of revised articles of association

That:

- (a) the articles of association of the Company be and they are amended by deleting to the fullest extent permitted by law all of the provisions of the Company's memorandum of association which, by virtue of Section 28 of the Act, are to be treated as provisions of the Company's articles of association; and
- (b) the draft articles of association produced to the meeting and initialled for the purposes of identification by the chairman of the meeting be and they are adopted by the Company in substitution for, and to the exclusion of, its existing articles of association.

Dated: 28 April 2010

By order of the Board

Registered Office:

*Rory Howard
Company Secretary*

*3rd Floor
50-52 Paul Street
London
EC2A 4LB*

Notes:

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent his appointor. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy. To be effective the form must reach the Company Secretary, Dillistone Group Plc, 50-52 Paul Street, London EC2A 4LB by 11.00 a.m. on Friday 21 May 2010.

2. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM:
 - (a) Copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the non-executive directors; and
 - (b) A copy of the proposed new articles of association of the Company, and a copy of the existing articles of association marked to show the changes being proposed in resolution 9.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those persons registered in the register of members of the Company at 11.00 a.m. on Friday 21 May 2010 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
4. As at 27 April 2010 (being the last business day prior to the publication of this Notice of Meeting) the Company's issued share capital consists of 5,665,441 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 April 2010 are 5,665,441.

APPENDIX

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. **The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum of association contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 (the "Act") significantly reduces the constitutional significance of a company's memorandum. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act, the objects clause and all other provisions which are contained in a company's memorandum of association, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Act states that unless a company's articles of association 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 of association which, by virtue of the Act, were treated as forming part of the Company's articles of association with effect from 1 October 2009. Resolution 9(a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the revised articles of association (the "**New Articles**") also contain an express statement regarding the limited liability of shareholders.

2. **Articles which duplicate statutory provisions**

Provisions in the Company's existing articles of association (the "**Existing Articles**") which replicate provisions contained in the Act are in the main amended to bring them into line with the Act.

3. **Authorised share capital and unissued shares**

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

4. **Redeemable shares**

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Act enables directors to determine such matters instead provided they are so authorised by the articles of association. The New Articles contain such an authorisation. The Company has no plans

to issue redeemable shares but, if it did so, the directors would need shareholders' authority to issue new shares in the usual way.

5. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles of association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly certain of the relevant enabling provisions have been removed in the New Articles.

6. Suspension of registration of share transfers

The Existing Articles permit the directors to suspend the registration of transfers. Under the Act, share transfers must be registered as soon as practicable. The power in the Existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

7. General

Generally, the opportunity has been taken to bring clearer language into the New Articles and, in some areas, to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.