

This notice of meeting is important and requires your immediate attention.

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 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.

## SWALLOWFIELD PLC

(Registered in England and Wales with company number 01975376)

Swallowfield House  
Station Road  
Wellington  
Somerset  
TA21 8NL

7 October 2010

Dear Shareholder,

# Notice of the 2010 Annual General Meeting

I am pleased to enclose the Report and Accounts for Swallowfield plc (the "**Company**") for the year ended 30 June 2010.

## Annual General Meeting

This year's Annual General Meeting (the "**AGM**") of the Company will be held on Thursday 4 November 2010 at 12 noon at Swallowfield House, Station Road, Wellington, Somerset TA21 8NL. The notice of the AGM is set out on page 3 of this document. This letter summarises the items of business to be transacted at the meeting and on pages 5 and 6 of this document there are notes explaining these resolutions.

## Ordinary Business

- **Resolutions 1 to 8** deal with the directors' report and financial statements for the period ended 30 June 2010 (resolution 1); the directors' remuneration report for the period ended 30 June 2010 (resolution 2); the final dividend (resolution 3); the re-election of Jane Fletcher as a director (resolution 4); the re-election of Mark Warren as a director (resolution 5); the re-election of Franklin Berrebi as a non-executive director (resolution 6); the granting of authority to directors to determine the auditors' remuneration (resolution 7); and the re-appointment of Grant Thornton UK LLP as the Company's auditors (resolution 8).

## Special Business

- **Resolution 9** deals with the authority of the directors to allot new shares in the capital of the Company.
- **Resolution 10** deals with the purchase, by the Company, of its own shares.

## Special Business proposed on the requisition of a member

- **Resolution 11** is being proposed on the requisition of a member, Western Selection plc. The effect of the resolution would be to mandate the Board to appoint a further non-executive director within six months of the date of the passing of the resolution.

## Board Structure

During the last 12 months the nomination committee has been undertaking a search to find a further non-executive Director with relevant industry experience to complement the skills of the current Board. We were pleased to announce on 29 July 2010 that this search was successful and announced the appointment of Franklin Berrebi as an independent non-executive Director. The Board therefore now consists of three executive and 3 non-executive Directors which we believe to be an appropriate structure for a group of our size and market listing. Additionally, we believe the skills and competencies of the Board now match those listed within the resolution proposed by Western Selection without the need to hire an additional Director. Prior to Mr Berrebi's appointment, the Company received notice from a significant shareholder requiring the proposal of resolution 11 at the Annual General Meeting. In light of the recent strengthening of the Board by the appointment of Mr Berrebi and the immediate and continuing costs which would be associated with the recruitment of a further non-executive director, the Directors do not believe that the appointment of a further non-executive director within the timeframe prescribed by resolution 11 is in the interests of the Company or its shareholders.

**The Directors therefore strongly urge you to vote your shares in favour of resolutions 1 to 10.**

**The Directors strongly urge you to vote your shares against resolution 11.**

## Action

If you are unable to attend the meeting or wish to register your proxy votes now in relation to the resolutions proposed, you should complete the enclosed Form of Proxy and return it to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 12 noon on Tuesday 2 November 2010, following the instructions on the form. Please see the notes to the notice of AGM and the Form of Proxy for full details about the appointment of proxies.

## Recommendation

Your Board considers **resolutions 1 to 10** 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 resolutions 1 to 10**, as they intend to do in respect of their own beneficial shareholdings.

Your Board does not consider resolution 11 to be in the best interests of the Company or its shareholders as a whole. Accordingly, your directors unanimously recommend that you **vote against resolution 11**, as they intend to do in respect of their own beneficial shareholdings.

If you have any questions regarding any of the business to be conducted at the AGM, please contact Ian Mackinnon, Chief Executive Officer, or Mark Warren, Group Finance Director, on +44 (0)1823 662241.

Yours sincerely  
**S J Winning**  
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the twenty fourth Annual General Meeting (the "**AGM**") of Swallowfield plc (the "**Company**") will be held at Swallowfield House, Station Road, Wellington, Somerset TA21 8NL on Thursday 4 November 2010 at 12 noon for the following purposes:

## As Ordinary Business

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

1. To receive and adopt the annual statement of accounts and the reports of the directors and auditors for the year ended 30 June 2010.
2. To approve the directors' remuneration report for the year ended 30 June 2010.
3. To declare a final dividend of 4.1p per ordinary share.
4. To re-elect J M Fletcher as a director.
5. To re-elect M W Warren as a director.
6. To re-elect F P Berrebi as a director.
7. To authorise the directors to determine the auditors' remuneration.
8. To re-appoint Grant Thornton UK LLP as auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

## As Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 9 will be proposed as an ordinary resolution and resolution 10 will be proposed as a special resolution:

9. 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 hereby generally and unconditionally authorised pursuant to section 551, 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**") provided that this authority shall be limited to relevant securities up to an aggregate nominal amount of £190,106, representing approximately one third of the nominal value of the issued ordinary share capital of the Company as shown in the audited accounts of the Company for the year ended 30 June 2010 and, unless previously revoked, varied or extended, this authority shall expire at the conclusion of the next Annual General Meeting of the Company, 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.
10. That the Company be and is hereby unconditionally and generally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 5p each ("**Ordinary Shares**") provided that:
  - (a) the maximum number of Ordinary Shares authorised to be purchased is 1,130,000 representing approximately 10% of the Company's issued ordinary share capital as shown in the audited accounts of the Company for the year ended 30 June 2010;
  - (b) the minimum price which may be paid for any such Ordinary Share is 5p exclusive of any expenses payable by the Company;
  - (c) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the AIM Index of 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) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 12 months after the date of the passing of this resolution, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

**As special business proposed on the requisition of a member**

To consider and, if thought fit, pass the following resolution (notice of which is being given pursuant to a member's requisition under section 338(3) of the Act) which will be proposed as a special resolution:

11. That the board of directors of the Company ("**Board**") shall and they are hereby instructed pursuant to regulation 81 of the Articles of Association to appoint as soon as possible and in any event within 6 months of the date hereof two or more non-executive directors of the Company so as to increase the number of members of the Board to 7 directors and that the new directors shall be persons who bring relevant skills and experience to their position including as many of the skills and experience as possible from the following list:
- Industry experience (aerosols, toiletries, cosmetics);
  - Experience in foreign trade, particularly markets in which the Company is active or in which the Company is planning to be active;
  - FMCG production and marketing experience;
  - Experience on the board of smaller publicly quoted companies;
  - Audit committee experience with similarly sized businesses to that of the Company;
  - Remuneration committee experience with similarly sized businesses;
  - Experience of integrating acquisitions.

**By order of the Board**  
**M W Warren**  
**Group Finance Director and Company Secretary**

**Swallowfield House**  
**Station Road**  
**Wellington**  
**Somerset**  
**TA21 8NL**

**7 October 2010**

Members should refer to the explanatory notes that accompany this notice.

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 you. 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.
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 and will also be available for inspection at the place of the AGM from 11.45 a.m. on the day of the AGM until its conclusion:
  - (a) copies of the executive directors' service contracts with the Company and letters of appointment of the non-executive directors; and
  - (b) the register of directors' interests in the capital of the Company.
3. The Company pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6.00 p.m. on Tuesday 2 November 2010 (or if the AGM is adjourned, two working days 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. Please note that communications regarding the matters set out in this notice of Annual General Meeting will not be accepted in electronic form.
5. As at 6 October 2010 (being the last business day prior to the publication of this Notice), the Company's issued share capital consists of 11,306,416 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 October 2010 are 11,306,416.

#### **Explanatory notes to the resolutions as proposed at the 2010 Annual General Meeting:**

##### **Ordinary Business:**

##### **Resolution 1 (Annual accounts and reports)**

The directors present the accounts, directors' report and auditors' report to the shareholders at the AGM.

##### **Resolution 2 (Remuneration report)**

All companies quoted on the main market of the London Stock Exchange are required by law to produce for each financial year a directors' remuneration report which sets out the remuneration committee's policy in relation to directors' remuneration, together with the remuneration and benefits paid to directors during the year. Such companies are also required to put an ordinary resolution to shareholders approving the report at the meeting at which the Company's report and accounts for that year are laid.

The Company moved its listing from the main market of the London Stock Exchange to AIM in May 2006, and was therefore no longer required to produce a directors' remuneration report. Changes to AIM rules with effect from February 2010 now require all AIM companies to disclose details of directors' remuneration earned in respect of the financial year by each director of the AIM company acting in such capacity during the financial year. In meeting their commitment to high standards of corporate governance, the directors have continued to prepare a directors' remuneration report for each financial year since 2006, and Resolution 2 seeks specific approval of this directors' remuneration report, which is set out on pages 36 to 39 of the report and accounts 2010.

##### **Resolution 3 (Final dividend)**

This resolution concerns the Company's final dividend payment. A final dividend can only be paid after the shareholders at a general meeting have approved it. The directors are recommending a final dividend of 4.1p per ordinary share in respect of the year ended 30 June 2010 which, if approved, will be payable on 26 November 2010 to the shareholders who are on the register on 12 November 2010.

##### **Resolutions 4, 5 and 6 (Re-election of directors)**

In accordance with the provisions of the Company's articles of association regarding the retirement of directors by rotation, J M Fletcher is submitting herself for re-election. In addition, the Company's articles of association require any person appointed by the directors to submit themselves for re-election at the next AGM following their appointment. Accordingly, under resolutions 5 and 6, M W Warren and F P Berrebi are submitting themselves for re-election. Biographical details of the directors submitting themselves for re-election can be found on pages 26 and 27 of the report and accounts.

##### **Resolutions 7 and 8 (Auditors' remuneration and appointment)**

Shareholders are required to authorise the Directors to fix the auditors' remuneration and also to appoint auditors at each general meeting at which accounts are presented. Resolution 7 authorises the directors to set the auditors' remuneration and Resolution 8 proposes the re-appointment of Grant Thornton UK LLP as auditors of the Company for the financial year ending 30 June 2011.

##### **Special Business:**

##### **Resolution 9 (Directors' power to allot securities)**

Resolution 9 seeks to renew the directors' general authority under section 551 of the Companies Act 2006 to allot new shares in the capital of the Company. This general authority is to allot shares up to an aggregate nominal value of £190,106, representing approximately one-third of the nominal value of the issued ordinary share capital of the Company as shown in the latest audited accounts of the Company. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2011.

The directors do not have any present intention of exercising this authority but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

**Resolution 10 (Market purchase of shares)**

Under its articles of association and section 693 of the Companies Act 2006, the Company has power to purchase its own shares. Resolution 10 is proposed to renew the general authority given at last year's Annual General Meeting to enable the Company, subject to certain limitations, to purchase shares in the market for cancellation and/or for holding in treasury. This authority would last for the period until the conclusion of the Company's Annual General Meeting to be held in 2011. Such authority would allow for purchases to be made on the terms set out in the Resolution of up to a maximum number of 1,130,000 ordinary shares (representing just under ten per cent of the present issued ordinary share capital). (A purchase of the proposed maximum of 1,130,000 ordinary shares at the share price of £1.25 on 29 September 2010 would involve the Company in the expenditure of approximately £1,412,500 before stamp duty and commissions, and at the minimum permitted price would involve the expenditure, on the same basis, of £56,500).

The directors would use the share purchase authority with discretion and purchases would only be made from funds not required for other purposes and in the light of market conditions prevailing at the time. In reaching a decision to purchase any shares, your directors would take account of the Company's cash resources and capital, the effect of such purchase on the Company's business, any impact on earnings per share or on net tangible assets per share. No announcement will be made by the Company in advance of market purchases but any purchases made by the Company would be announced by 8.30 a.m. on the business day next following the transaction.

In renewing this authority the Board is not indicating any commitment to purchase ordinary shares. The authority, if conferred, will only be exercised if to do so would be in the best interests of shareholders generally.

***Special Business proposed on the requisition of a member:***

**Resolution 11 (Direction to the Board to appoint an additional non-executive director)**

Resolution 11 is being proposed at the Annual General Meeting following a member's requisition under section 338 of the Companies Act 2006. The resolution, which was submitted before the recent appointment of Franklin Berrebi as a non-executive director of the Company as explained in the paragraph headed "Board Structure" above, would have the effect of mandating the Board to appoint a further non-executive director within six months of the date of the passing of the resolution. Following the recent appointment of Mr Berrebi, the directors believe the Board is currently of an appropriate composition for the group's size and market listing, and accordingly the directors unanimously recommend shareholders to vote against resolution 11.