

16th February 2010

Dear Shareholder,

It was a pleasure meeting a small but enthusiastic group of Shareholders who braved the elements to attend our first bi-annual business update meeting on Thursday 28th January 2009.

At the meeting we made the following announcement:

“Markets are still tough but lower overheads and a more focused business unit structure have helped improve overall net margins. As a consequence, year-end trading is expected to be comfortably ahead of last year.

With increasing confidence and improving cash reserves, the Board have decided to declare an interim dividend of 1.5p payable to all Shareholders on the register on 5th March 2010. Additionally, a matched bargain facility is expected to be established before the end of March 2010.”

Shareholders were also presented with details of the Group's new business unit structure which we feel is helping to drive operational improvements. Additionally, Shareholders received a summary of the unaudited performance figures for the 6-month period to 30th September 2009 together with an update on current trading. This summary information is now available on-line for all registered Shareholders.

You can easily register on-line by just visiting the Investor Relations section of our corporate website (http://www.touchstone.co.uk/about_us/investor_relations.aspx). Once registered and approved you will then have access to all current trading announcements, Shareholder forums, archive financial information and also details on how to buy or sell shares.

It is our intention to use e-mail and web-site content for routine Shareholder communication in the future. Hopefully, this should improve efficiency, help to reduce costs and may even save a few trees. We will still be sending out limited updates by normal mail to those Shareholders who specifically request it.

As regards our next Shareholder meeting, we hope to coordinate the date of the next business update session with that of our next AGM. Ultimately the AGM date is determined by the year-end audit timetable which has yet to be agreed. Once confirmed, we will inform all Shareholders accordingly.

I do hope the new Investor Relations site provides you with the information you need and look forward to meeting all those who can attend our next Shareholder gathering.

With kind regards,
Touchstone Group Plc

Keith Birch
CEO