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If you sell or transfer or have sold or transferred all of your Ordinary Shares, please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee (except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations). If you have sold only part of your holding of Ordinary Shares, please retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

2ergo Group plc

(Incorporated and registered in England and Wales with number 5010663)

Placing of 256,000,000 new Ordinary Shares, subscription for 54,000,000 new Ordinary Shares and additional demand option to place up to 10,000,000 new Ordinary Shares each at 1 pence per share

and

Notice of General Meeting

This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 5 to 12 of this document. The letter explains the background to, and reasons for, the Placing and the Subscription and contains a recommendation to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Numis is authorised and regulated by the Financial Conduct Authority in the United Kingdom and is acting exclusively for the Company and no-one else in relation to the Placing and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or the contents of this document or any other matter referred to in this document. Numis has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Numis for the accuracy or completeness of any information or opinions contained in this document.

Notice of a General Meeting of the Company to be held at 10.00 a.m. on 3 July 2013 at 4th Floor, Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed and, to be valid, should be completed and returned as soon as possible, but, in any event, so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, by no later than 10.00 a.m. on 1 July 2013. Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting in person at the General Meeting should they wish to do so.

Application will be made to the London Stock Exchange for the Placing Shares, the Subscription Shares and the Payment Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares, the Subscription Shares and the Payment Shares will occur, and dealings in such Placing Shares, the Subscription Shares and the Payment Shares will commence, at 8.00 a.m. on 4 July 2013. The Placing Shares, the Subscription Shares and the Payment Shares will, upon Admission, rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of this document, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information in it is correct as of any subsequent time.

This document does not contain an offer of transferable securities to the public within the meaning of section 102B of FSMA and does not constitute a prospectus within the meaning of section 85 of FSMA or an admission document prepared in accordance with the AIM Rules. Accordingly, this document has not been approved by or filed with the Financial Conduct Authority or the London Stock Exchange. This document and the accompanying Form of Proxy do not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to acquire, purchase or subscribe for, shares in any jurisdiction. This document must not be distributed within or into the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia. The Placing Shares, the Subscription Shares and the Payment Shares have not been and will not be registered under the US Securities Act of 1933, as amended, ("Securities Act") and may not be offered or sold or subscribed, directly or indirectly, within the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national, resident or citizen of Canada, Japan, South Africa, the Republic of Ireland or Australia or any corporation, partnership or other entity created or organised under the laws thereof. The distribution of this document and the offer of the Placing Shares, the Subscription Shares and the Payment Shares in certain jurisdictions may be restricted by law. Accordingly, none of this document, the accompanying Form of Proxy or any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions.

Nothing in this document constitutes legal, financial, tax or other advice nor takes into account the particular investment objectives, financial situation or taxation position of any person.

This document contains certain statements that are or may be "forward-looking statements". These statements typically contain words such as "will", "believes", "proposes", "intends", "expects", "anticipates", "estimates" and words of similar import. All the statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's products and services) are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and therefore undue reliance should not be placed on such forward-looking statements. There are a number of factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future and such assumptions may or may not prove to be correct. Forward-looking statements speak only as at the date they are made. Neither the Company, nor Numis nor any other person undertakes any obligation (other than, in the case of the Company, pursuant to the AIM Rules) to update publicly any information contained in this document, including any forward-looking statements, in the light of new information, changes in circumstances or future events.

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors:	Keith Seeley	<i>Non-Executive Chairman</i>
	Neale Graham	<i>Chief Executive Officer</i>
	Barry Sharples	<i>Director</i>
	Jill Collighan	<i>Group Finance Director</i>
	Peter Kenyon	<i>Non-Executive Director</i>

The business address of each of the Directors is:

4th Floor
Digital World Centre
1 Lowry Plaza
The Quays
Salford
Manchester
M50 3UB

Company Secretary: James Esson

Registered Office: 4th Floor
Digital World Centre
1 Lowry Plaza
The Quays
Salford
Manchester
M50 3UB

Nominated Adviser: Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Solicitors to the Company: Addleshaw Goddard LLP
100 Barbirolli Square
Manchester
M2 3AB

Solicitors to Numis: Shepherd and Wedderburn LLP
Condor House
10 St. Paul's Churchyard
London
EC4M 8AL

Auditor: Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Registrars: Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

PLACING STATISTICS

Placing Price and Subscription Price	1 pence
Number of Ordinary Shares in issue as at the date of this document ¹	64,491,404
Number of Initial Placing Shares	256,000,000
Number of Subscription Shares	54,000,000
Number of Payment Shares	12,500,000
Initial Placing Shares, Subscription Shares and Payment Shares as a percentage of the Ordinary Shares in issue at the date of this document	500.07 per cent.
Number of Ordinary Shares in issue following Admission ²	386,991,404
Initial Placing Shares, Subscription Shares and Payment Shares as a percentage of the Enlarged Share Capital ²	83.34 per cent.
Gross proceeds of the Placing and the Subscription	£3,100,000
Estimated net proceeds of the Placing and the Subscription	£2,900,000

1 Throughout this document, all references to the number of shares in issue as at any time and/or date exclude the Ordinary Shares held by the Company in treasury.

2 This includes the Payment Shares and assumes that no Ordinary Shares (including any EMI Option Shares) are issued after the date of this document and prior to Admission and that there is no exercise of the Additional Demand Option.

EXPECTED TIMETABLE OF KEY EVENTS

Publication of this document and posting to Shareholders	17 June 2013
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 1 July 2013
General Meeting	10.00 a.m. on 3 July 2013
Admission of the Placing Shares, Subscription Shares and Payment Shares to trading on AIM	8.00 a.m. on 4 July 2013
CREST accounts to be credited in respect of Placing Shares in uncertificated form	8.00 a.m. on 4 July 2013

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement via a regulatory information service.

LETTER FROM THE CHAIRMAN OF THE COMPANY

2ergo Group plc

(Incorporated and registered in England and Wales with number 5010663)

Directors:

Keith Seeley (*Non-Executive Chairman*)
Neale Graham (*Chief Executive Officer*)
Barry Sharples (*Director*)
Jill Collighan (*Group Finance Director*)
Peter Kenyon (*Non-Executive Director*)

Registered office:

4th Floor
Digital World Centre
1 Lowry Plaza
The Quays
Salford
Manchester
M50 3UB

17 June 2013

Dear Shareholder,

Proposed placing of 256,000,000 new Ordinary Shares, subscription for 54,000,000 new Ordinary Shares and additional demand option to place up to 10,000,000 new Ordinary Shares in each case at 1 pence per share

and

Notice of General Meeting

1. Introduction

The Company announced today that it has conditionally raised £3,100,000 (before expenses) through the placing of 256,000,000 new Ordinary Shares with both new and existing shareholders at a price of 1 pence per Ordinary Share and through three of the current Directors, being Neale Graham, Barry Sharples and Keith Seeley, agreeing to subscribe, in aggregate, for 54,000,000 new Ordinary Shares, also at a price of 1 pence per Ordinary Share. MXC Capital, the investment and advisory group focused on the technology sector, is a cornerstone investor in the Placing. Ian Smith, the proposed Executive Chairman of the Company, is a founding partner and shareholder of MXC Capital.

The net proceeds of the Placing and the Subscription (assuming no Additional Demand Option Shares are issued) are expected to be approximately £2,900,000 and will be used by the Company to provide the Group with access to additional working capital and the capital resources required to develop its business of contactless mobile technology solutions, initially focusing on converting the existing pipeline of opportunities to deploy the podifi platform (and associated know-how).

The Placing Price and the Subscription Price are each 1 pence per Ordinary Share and are at a discount of 70.4 per cent. to the closing middle market price of 3.375 pence per Ordinary Share on 14 June 2013, being the last practicable date prior to the date of this document.

Subject to the Placing becoming unconditional in all respects, certain changes will be made to the Board. Barry Sharples, Keith Seeley and Peter Kenyon will resign as directors of the Company and Ian Smith and Simon Duckworth will be appointed respectively as Executive Chairman and as an independent Non-Executive Director. As part of these changes to the Board, Neale Graham will become Executive Director. In addition, the Company will grant EMI Options to Neale Graham, Barry Sharples and Jill Collighan to subscribe, in aggregate, for up to 66,644,176 Ordinary Shares.

In addition to the Placing Shares and the Subscription Shares, the Company has, subject to the Placing becoming unconditional in all respects, separately agreed to:

- (a) issue to Keith Seeley and Peter Kenyon, in aggregate, 2,500,000 fully paid new Ordinary Shares in satisfaction of certain contractual obligations owed by the Company to them, details of which are set out in Appendix II;

- (b) issue to Numis 5,000,000 fully paid new Ordinary Shares in satisfaction of certain contractual obligations owed by the Company to it, details of which are set out in paragraph 3 of this letter; and
- (c) issue to MXC Capital Advisory LLP 5,000,000 fully paid new Ordinary Shares in satisfaction of certain contractual obligations owed by the Company to it, details of which are set out in paragraph 2.8 of this letter.

The Placing, the Subscription, the issue of the Payment Shares, the changes to the Board referred to above and the grant of the EMI Options are conditional, amongst other things, on: (a) Shareholders passing both of the Resolutions at the General Meeting; (b) the Placing Agreement between the Company and Numis becoming unconditional and not having been terminated; and (c) Admission having become effective by no later than 8.00 a.m. on 4 July 2013 (or such later date as the Company and Numis may agree, not being later than 18 July 2013).

In the event that Shareholders do not approve the Resolutions, the Placing, the Subscription, the issue of the Payment Shares, the grant of the EMI Options and the proposed Board changes will not proceed and the current Board will need to consider alternative sources of funding, which the Board believes may be difficult to secure.

It is therefore of the utmost importance that Shareholders vote in favour of the Resolutions. If the Resolutions are not passed by Shareholders at the General Meeting and the Placing and the Subscription do not proceed, no further assurance can be given on the future of the Company.

The purpose of this document is to provide you with information about the background to and reasons for the Placing and the Subscription, to give you notice of the General Meeting and to recommend that you vote in favour of both of the Resolutions to be proposed at the General Meeting.

2. Background to, and reasons for, the Placing and the Subscription

2.1 Background

Following a comprehensive review of its strategy by the Board, as detailed in the Company's annual report for the year ended 31 August 2012, the Company has been focused on the development, exploitation and commercialisation of the Group's patented proprietary contactless mobile technology, podifi, which records and tracks a transaction at the point of sale. Through a handset download, podifi renders any smartphone as a digital wallet. Then, through the introduction of a "plug and play" pod (the reader) at the point of sale, virtually any EPOS terminal can complete a contactless digital transaction. The introduction of these two elements enables mobile coupons to be issued and redeemed, mobile loyalty cards to be swiped, mobile payments to be transacted and valuable data to be collected.

Despite some progress in the intervening period, including some contract wins and the launch of a mobile wallet pilot with O2 in Dublin's Docklands, uptake has been slower than previously expected. Consequently, it has become apparent that the Company will require further financial resources and strategic guidance in order to stem the losses being incurred and execute the Company's pipeline of opportunities. The Company will focus on larger opportunities in defined sectors that the Board believes will effectively showcase the Company's proprietary technology and facilitate further sales.

2.2 Proposed Board changes

It has been agreed that subject to, and conditional upon, the Placing becoming unconditional in all respects, the following changes will be made to the Board:

- (a) Barry Sharples, Keith Seeley and Peter Kenyon will resign as directors of the Company. Barry Sharples and Keith Seeley will remain employed by the Company on a part time basis to provide general business advice;
- (b) Andrew Ian Smith will be appointed as Executive Chairman of the Company. Ian, aged 49, has significant experience of leading and creating value in the technology industry. Ian is a founding partner of MXC Capital, an investment and advisory group focused on the

technology sector. Ian has recently led strategic change and value accretion at Redstone plc and Accumuli plc and also brings significant experience from senior positions at Cisco Systems, Foundry Networks and Cable & Wireless. Including the Placing, MXC Capital has now led 5 restructurings of quoted companies in the past three years including Redstone plc, Netservices plc, Maxima Holdings plc and Coms plc;

- (c) Simon D'Olier Duckworth will be appointed as an independent Non-Executive Director of the Company. Simon, aged 48, is a seasoned non-executive director with experience of guiding growth technology businesses. A Cambridge graduate, Simon has over 10 years' experience in the security sector. A former Chairman of the City of London Police Authority, Simon is a non-executive director of Accumuli plc and the Police ICT Company Ltd. Chairman of Barings Targeted Return Fund, Simon holds a number of non-executive directorships and appointments in the private and public sectors, including membership of the Home Office's Economic Crime Co-Ordination Board. He was appointed as one of HM's Lieutenants for the City of London in 2010 and as a Deputy Lieutenant for Greater London in 2008; and
- (d) Neale Graham will become Executive Director of the Company.

Jill Collighan will remain as Group Finance Director of the Company. Appendix II sets out details of the material terms which have been agreed with each of the Directors and the Proposed New Directors.

2.3 *Revised strategy*

The cornerstones of a revised strategy, with a view to improving the performance of the business and generating increased value for Shareholders (the "**Revised Strategy**"), are set out below:

- (a) the initial focus will be on trying to successfully monetise the Company's existing pipeline of new business which is healthy and well qualified rather than develop further new business opportunities;
- (b) the Proposed New Board will devise a focused strategy for podifi to more effectively penetrate the rapidly growing, evolving and converging space of mobile couponing and loyalty; and
- (c) the Proposed Executive Chairman intends to exploit his experience and contacts across the industry to develop larger enterprise opportunities and will explore other applications of the Company's patented technology.

2.4 *Near term actions*

In order to develop the Revised Strategy and facilitate its successful execution, the Proposed New Board has identified certain key near-term actions, including through a full operational review to identify opportunities to reduce costs and reallocate cash and resources for growth-supportive operations as well as to test the potential to improve the Company's cost of sales.

The Board believes that the Revised Strategy is at this point the best way to take the Company forward and to enhance shareholder value. Reporting on the aforementioned near-term reviews will form a core part of update communications to Shareholders in the future.

It is anticipated that the Proposed New Board will propose execution of the existing pipeline for podifi and a strategic review of the remainder of the Company's operations. The Board will monitor the balance between cash burn and execution on a monthly and quarterly basis. Subject to, and conditional upon, the Placing becoming unconditional in all respects, the Proposed New Board will update Shareholders on the execution of the plan in due course.

2.5 *Reasons for the Placing and the Subscription and use of proceeds*

The Company is carrying out the Placing and the Subscription in order to provide it with access to additional working capital and the capital resources required to develop its business of contactless mobile technology solutions, including further development and roll-out of solutions utilising the podifi platform (and associated know-how), and to utilise partner channels for marketing and sales purposes.

In deciding to structure the equity fundraising as a Placing and Subscription, and in determining the price at, and the terms on, which the Placing and Subscription would be undertaken, the Directors have considered a number of factors, including the current financial and trading position of the Group and a desire to achieve certainty of funding within the shortest permissible timeframe. The Directors also took into consideration that the majority of the Company's institutional Shareholders were given the opportunity to participate in the Placing.

2.6 *Additional Demand Option*

The Company has granted the Additional Demand Option to Numis in order to give Numis, with the agreement of the Company (and subject to applicable laws and regulations), the flexibility to meet any additional demand for the Company's shares in the period from the date of this document to 4.30 p.m. on 21 June 2013.

The Additional Demand Option is exercisable on more than one occasion at any time prior to 4.30 p.m. on 21 June 2013. Any Ordinary Shares issued pursuant to the exercise of the Additional Demand Option will be issued on the same terms and conditions as other Ordinary Shares issued pursuant to the Placing and the Subscription. The Additional Demand Option may be exercised by Numis with the agreement of the Company and there is no obligation on Numis to exercise the Additional Demand Option or to seek to procure subscribers for Additional Demand Option Shares. The maximum number of Ordinary Shares that will be issued pursuant to the exercise of the Additional Demand Option is 10,000,000 Ordinary Shares. The maximum number of Ordinary Shares (including Additional Demand Option Shares) that may be issued pursuant to the Placing and the Subscription is 320,000,000 Ordinary Shares.

2.7 *Current trading and outlook*

The Group has deployed its podifi technology with a number of initial customers, with recent wins including a Premier League football club which has been trialling the podifi platform at the end of this football season. The club-branded digital wallet will allow supporters to download mobile coupons for use within the stadium, collect loyalty points, place off-line bets and view club related content. The podifi technology will enable the club to collect data within its stadium, corporate suites and in-house gaming facilities whilst offering fans state-of-the-art mobile services.

A large food services provider is also installing podifi technology in several of its catering sites in the UK, with the intent that Podifi will enable these sites to generate footfall and build customer loyalty by rapidly creating, launching and managing mobile coupon based offers and loyalty promotions. The technology is also able to measure the performance of a specific promotion or campaign accurately and in real time.

Following a trial of podifi with O2 in Dublin, 2ergo is currently working with O2 to scope possible extensions of the programme.

The Group also has an agreement with Jersey Telecom ("**JT**") to launch podifi contactless wallet services in Jersey. This service will enable JT customers to redeem mobile coupons at participating retailers using their smartphones. Sales have recently commenced by JT's sales team, with a number of merchants already on board.

2ergo now has a total potential student audience for podifi of over 90,000 students with a number of universities, including the University of Salford, Trinity College Dublin, University College Birmingham, Warwick University and De Montfort University, already signed up. Students are able to redeem mobile coupons and build loyalty points by tapping their smartphone over a podifi pod at till points within university shops and bars and at participating local merchants.

The Board is targeting returning to cash flow positive trading as soon as is practicable, but the uncertainty surrounding the rate of uptake of new business renders any forecasting of sales performance difficult. The successful implementation of the Revised Strategy will be a key factor in improving the performance of the business. It is therefore difficult for the Directors to predict the timing and amount of capital required with accuracy. The Company may, in the future, need to access additional funds to finance working capital requirements. The Company may be unable to obtain adequate funding on acceptable terms.

2.8 *MXC Capital Advisory LLP*

Ian Smith, the proposed Executive Chairman of the Company, is a founding partner and shareholder of MXC Capital Advisory LLP.

The Company has appointed MXC Capital Advisory LLP to provide corporate finance consultancy services in relation to the Placing. In return for those services the Company has agreed to pay MXC Capital Advisory LLP subject to, and conditional upon, the Placing becoming unconditional in all respects, a fee of £100,000 plus VAT together with certain costs and expenses incurred in connection with the services. The Company will satisfy £50,000 of this fee by the issue to MXC Capital Advisory LLP of 5,000,000 fully paid new Ordinary Shares and the remainder of the fee will be satisfied in cash.

It has been agreed that subject to, and conditional upon, the Placing becoming unconditional in all respects, the Company will appoint MXC Capital Advisory LLP as a corporate finance consultant to advise on future corporate activity and development.

2.9 *Importance of the Shareholder vote*

As at 31 May 2013, the cash balances of the Group were £168,000. The Company has access to an unutilised overdraft facility of up to £500,000. If the Resolutions are not passed by Shareholders at the General Meeting and the Placing, the Subscription and the Board changes do not proceed, no further assurance can be given on the future of the Company. It is therefore of the utmost importance that Shareholders vote in favour of both of the Resolutions.

3. **Details of the Placing and the Subscription**

The Company proposes to issue 310,000,000 new Ordinary Shares at 1 pence per Ordinary Share to both new and existing Shareholders (including three of the current Directors, being Neale Graham, Barry Sharples and Keith Seeley) in order to raise up to £3,100,000 (before expenses and assuming no Additional Demand Option Shares are issued). After expenses, the net proceeds of the Placing and the Subscription are expected to be approximately £2,900,000. In addition, the Company proposes to issue the Payment Shares.

The Placing Price and the Subscription Price are each at a discount of 70.4 per cent. to the closing middle market price of 3.375 pence per Ordinary Share on 14 June 2013, being the last practicable date prior to the date of this document.

The Initial Placing Shares, the Subscription Shares and the Payment Shares (assuming no Additional Demand Option Shares are issued and that there is no exercise of the rights to subscribe under the EMI Options) will represent approximately 83.34 per cent. of the Enlarged Share Capital.

The Placing is subject to the terms of the Placing Agreement. Pursuant to the Placing Agreement, Numis has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the Initial Placing Shares at the Placing Price. The Placing is not being underwritten. The Company has agreed to pay Numis a placing fee of £100,000 together with certain costs and expenses incurred in connection with the Placing. The Company will satisfy £50,000 of the placing fee by the issue to Numis of 5,000,000 fully paid new Ordinary Shares and the remainder of the placing fee will be satisfied in cash.

The Placing Agreement also contains certain warranties (subject to limitations which are normal for an agreement of this type) given by the Company in favour of Numis as to certain matters relating to the Company and its business. In addition, the Company has given certain undertakings to Numis and has agreed to indemnify Numis in relation to certain liabilities it may incur in respect of the Placing. Numis has the right to terminate the Placing Agreement in certain circumstances prior to Admission including, amongst other things: (a) for certain force majeure events or other events involving certain material adverse changes or prospective material adverse changes relating to the Group; or (b) in the event of a breach of the warranties or other obligations of the Company set out in the Placing Agreement.

The Placing, the Subscription, the issue of the Payment Shares and the grant of the EMI Options are conditional, amongst other things, on:

- (a) Shareholders passing both of the Resolutions at the General Meeting;
- (b) the Placing Agreement becoming unconditional and not having been terminated; and
- (c) Admission having become effective by no later than 8.00 a.m. on 4 July 2013 (or such later date as the Company and Numis may agree, not being later than 18 July 2013).

In addition to the Placing, three of the current Directors, being Neale Graham, Barry Sharples and Keith Seeley, have conditionally agreed to subscribe, in aggregate, for 54,000,000 new Ordinary Shares at a price of 1 pence per Ordinary Share. The Company has also separately agreed to issue to Keith Seeley and Peter Kenyon, in aggregate, 2,500,000 fully paid new Ordinary Shares in satisfaction of certain contractual obligations owed by the Company to them, details of which are set out in Appendix II.

Application will be made to the London Stock Exchange for the Placing Shares, the Subscription Shares and the Payment Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares, the Subscription Shares and the Payment Shares will occur at 8.00 a.m. on 4 July 2013. The Placing Shares, the Subscription Shares and the Payment Shares will, upon Admission, rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of this document, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission. Following completion of the Placing and the Subscription and the issue of the Payment Shares, the total number of issued Ordinary Shares in the Company will be 386,991,404 (assuming no Additional Demand Option Shares are issued and that there is no exercise of the rights to subscribe under the EMI Options).

4. General Meeting

Set out at the end of this document is a notice convening the General Meeting, which is to be held at 10.00 a.m. on 3 July 2013 at 4th Floor, Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB and at which the Resolutions described below will be proposed:

Resolution 1 – Authority to allot Ordinary Shares

Resolution 1 will, if passed, grant the Board authority to allot up to 332,500,000 new Ordinary Shares pursuant to the Placing, the Subscription and the Share Payments (representing approximately 515.57 per cent. of the Ordinary Shares in issue as at the date of this document). This authority will also allow the Board to allot any Additional Demand Option Shares to be allotted following any exercise of the Additional Demand Option by Numis.

This is in addition to the authority given to the Board at the Company's annual general meeting on 28 February 2013 to allot shares in the capital of the Company up to an aggregate nominal amount of £648,353.58 (and not in substitution for such authority). Resolution 1 requires an ordinary resolution of the Shareholders at a general meeting under section 551 of the Act. This authority will expire on 31 July 2013.

Resolution 2 – Disapplication of pre-emption rights

Resolution 2 will, if passed, disapply the statutory pre-emption rights set out in section 561(1) of the Act and authorise the Board to allot up to 332,500,000 new Ordinary Shares pursuant to the Placing, the Subscription and the Share Payments (representing approximately 515.57 per cent. of the Ordinary Shares in issue as at the date of this document) without being required to first offer such new Ordinary Shares to Shareholders. This authority will also allow the Board to allot any Additional Demand Option Shares to be allotted following any exercise of the Additional Demand Option by Numis.

This is in addition to the disapplication of the statutory pre-emption rights approved at the Company's annual general meeting on 28 February 2013 in respect of, *inter alia*, shares in the capital of the Company up to an aggregate nominal amount of £97,253.03 (and not in substitution for such disapplication). Resolution 2 requires a special resolution of the Shareholders at a general meeting under section 571 of the Act. This authority will expire on 31 July 2013.

5. Risk factors

Your attention is drawn to the Risk Factors set out on pages 13 to 15 of this document. Prospective investors should, in addition to all other information set out in this document, carefully consider the risks described in those sections before making a decision as to whether to invest in the Company, in particular those surrounding the Company's financial position, capital requirements, the rate of market acceptance of its new technology and its ability to attract new customers.

6. Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. Whether or not you are intending to attend the General Meeting, you are requested to complete the Form of Proxy in accordance with its instructions and to return it to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible, but, in any event, so as to be received by 10.00 a.m. on 1 July 2013.

7. Related party transactions

7.1 *Director participation*

Subject to, and conditional upon, the Placing becoming unconditional in all respects, pursuant to the Subscription and the Share Payments:

- (a) Neale Graham has agreed to subscribe in cash for 18,500,000 Subscription Shares;
- (b) Barry Sharples has agreed to subscribe in cash for 18,500,000 Subscription Shares;
- (c) Keith Seeley has agreed to subscribe in cash for 17,000,000 Subscription Shares and the Company has agreed to issue 1,250,000 Payment Shares to him; and
- (d) the Company has agreed to issue 1,250,000 Payment Shares to Peter Kenyon.

In addition, subject to, and conditional upon, the Placing becoming unconditional in all respects Neale Graham and Barry Sharples will each be granted EMI Options under the EMI Scheme, details of which are set out in Appendix II (Neale Graham, Barry Sharples, Keith Seeley and Peter Kenyon together being the "**Participating Directors**").

By virtue of their role as Directors of the Company, the Participating Directors are considered to be "related parties" as defined under the AIM Rules, and accordingly, their aggregate participation in the Subscription and the grant of the EMI Options to them described above will constitute a related party transaction for the purposes of Rule 13 of the AIM Rules.

Accordingly, for the purposes of the AIM Rules, Jill Collighan, Finance Director (being the only member of the Board who is not a Participating Director and is therefore considered to be independent for these purposes), having consulted with Numis in its capacity as the Company's nominated adviser, considers that the terms on which the Participating Directors will participate in the Subscription, the issue of the Payment Shares to Keith Seeley and Peter Kenyon and the grant of the EMI Options to Neale Graham and Barry Sharples are fair and reasonable insofar as Shareholders are concerned.

7.2 *Substantial shareholder participation*

Pursuant to the Placing:

- (a) Aviva Investors Global Services Limited ("**Aviva**") has agreed to subscribe in cash for 40,000,000 Initial Placing Shares; and
- (b) Nigel Wray has agreed to subscribe in cash for 45,000,000 Initial Placing Shares.

As Aviva (together with other members of the Aviva group) and Nigel Wray are each interested in 10 per cent. or more of the issued share capital of the Company as at the date of this document, they are each considered to be “related parties” as defined under the AIM Rules and, accordingly, the subscription by each of them for Initial Placing Shares will constitute a related party transaction for the purposes of Rule 13 of the AIM Rules.

Accordingly, for the purposes of the AIM Rules, the Board, having consulted with Numis in its capacity as the Company’s nominated adviser, considers that the terms on which Aviva and Nigel Wray will subscribe for Initial Placing Shares are fair and reasonable insofar as Shareholders are concerned.

8. Recommendation

The Board considers that the Placing, the Subscription, the issue of the Payment Shares, the proposed changes to the Board and the grant of the EMI Options are in the best interests of the Company and its Shareholders as a whole (see “2.9 Importance of the Shareholder vote” above). Accordingly, the Directors unanimously recommend that Shareholders vote in favour of both of the Resolutions at the General Meeting, as each of the Directors has irrevocably undertaken to do in respect of their entire beneficial holdings amounting, in aggregate, to 18,438,089 Ordinary Shares, representing approximately 28.59 per cent. of the Ordinary Shares in issue as at the date of this document.

Yours sincerely

Keith Seeley

Non-Executive Chairman

RISK FACTORS

AN INVESTMENT IN ORDINARY SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT THE COMPANY IS SUBJECT TO A VARIETY OF RISKS WHICH, IF ANY WERE TO OCCUR, COULD HAVE A MATERIALLY ADVERSE EFFECT ON THE COMPANY'S BUSINESS AND/OR FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN SUCH CASE, THE MARKET PRICE OF THE ORDINARY SHARES COULD DECLINE AND INVESTORS MIGHT LOSE SOME OR ALL OF THEIR INVESTMENT.

In addition to the information set out in the rest of this document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. Additionally, there may be risks not mentioned in this document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located.

Profitability depends on the success and market acceptance of current and new propositions.

There can be no assurance that the technology will prove to be attractive to potential customers. The development of a market for the Company's propositions is affected by many factors, some of which are beyond the Company's control, including the cost of the Company's propositions themselves, regulatory requirements, customer perceptions of the efficacy and reliability of its propositions and customer reluctance to buy a new proposition. If a market fails to develop or develops more slowly than anticipated, the Company may continue to incur losses, may be unable to recover the losses it will have incurred in the development of the podifi technology which it intends to continue to develop and may therefore never achieve profitability. In addition, the Directors cannot guarantee that the Company will continue to develop or market its propositions if market conditions do not support the continuation of them.

Competitors may develop alternative technologies and propositions.

Competitors and potential competitors may develop technologies and propositions that are less costly and/or more effective than the technology and propositions of the Company or which may make those of the Company uncompetitive. Technologies developed by the Company may have a shorter commercial life than anticipated due to the invention or development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Company. This could have a material adverse effect on the Company's financial condition, operations and prospects.

Pods and related software have not been used over a prolonged period of time.

Reflecting its early-stage nature, the Company only has a relatively small number of active pods at the date of this document. The Company's podifi technology has been tested and evaluated by the Company's commercial and technical partners, improvements and enhancements to it have been effected and the Company has a policy of continuous improvement. However, pods and software may fail to function as expected over a prolonged period of usage and this could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company relies on third-party manufacturers and suppliers.

The success of the Company's business depends in part on its ability to cost-effectively and efficiently manufacture podifi pods on a commercial scale. In addition, the production of podifi pods entails the use of third party manufacturers. The establishment of new manufacturing relationships involves numerous

uncertainties, including those relating to payment terms, costs of manufacturing, adequacy of manufacturing capacity, quality control and timeliness of delivery. Failure to achieve consistent, large-scale, economic production of pods could have a material adverse effect on the Company's business, financial condition and results of operations. Should the Company's relationships with such manufacturers or suppliers be terminated or the terms on which the Company purchases from such third parties become more onerous and/or less profitable, the Company may not be in a position to seek appropriate alternative sources for the relevant parts on a timely basis (or at all), which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The size of the Company may put the Company at a competitive disadvantage in negotiation as to pricing and terms with larger contract manufacturers. To the extent that demand for components for pods exceeds available inventory and the capacities produced by contract manufacturing arrangements, the Company may be unable to fulfil orders on demand.

The loss of, or changes affecting, the Company's relationships with its partners and resellers could adversely affect the Company's results or operations.

The Company's current sales model is, to an extent, reliant on arrangements with partners and resellers for the sale and marketing of its propositions and there are inherent risks associated with this business strategy. There can be no guarantee that the Company will retain these arrangements.

Further, there can be no guarantees as to the level of performance under any agreements entered into with such third parties or the long-term viability of any such relationships. If the relationships with the Company's partners do not perform as expected, revenues and profitability could be materially adversely affected whilst additional sales staff are recruited or strategic partners signed up to maintain revenue performance. Also, if agreements are cancelled, it could cause a material disruption in the Company's sales networks which in turn could have a material adverse impact on the Company's business, financial condition and results.

The Company may not be able to enforce its proprietary rights over its intellectual property and others may claim the Company is infringing their intellectual property rights.

The Company's success will in part depend on its ability to establish, protect and enforce proprietary rights relating to the development, manufacture, use or sale of its existing and proposed products. Certain patent applications have been granted to or filed by or on behalf of the Company. In particular, the Company's patent for its podifi technology was recently granted in the UK. No assurance is given that the Company will develop any future products that are patentable, or that any patents which have been granted or will be applied for will be sufficiently broad in their scope to provide protection for the Company's intellectual property rights and exclude competitors with similar technology. There is no guarantee that exclusivity in relation to any aspects of the Company's products will not be lost. Substantial cost may be incurred if the Company is required to defend its intellectual property rights against third parties.

The commercial success of the Company will also depend in part on non-infringement of patents of third parties. Competitors or potential competitors may have filed applications for, may have been granted or may obtain patents that may relate to products competitive with those of the Company or its technology. If this is the case, the Company may have to obtain appropriate licences under these patents, which may not be available on acceptable terms or at all, or cease or alter certain activities or processes, or develop or obtain alternative technology. This may have a material adverse effect on the Company.

Litigation may be necessary in the future to enforce the Company's patents and other intellectual property rights, to determine the scope of the proprietary rights of others or to defend against claims of infringement or invalidity, and there can be no assurance that the Company would prevail in any future litigation. Such litigation, whether or not determined in the Company's favour or settled by the Company, could be costly and may divert the efforts and attention of the Company's management and technical personnel from normal business operations, which could have a material adverse effect on the Company's business, financial condition and results of operations. Adverse determinations in litigation could result in the loss of the Company's proprietary rights, subject the Company to significant liabilities, require the Company to seek licences from third parties or prevent the Company from selling its products or licensing

its technologies, any one of which could have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, the laws of certain countries in which the Company's technologies may in the future be licensed may not protect the Company's intellectual property rights to the same extent as the laws of the United Kingdom.

The Company may need to indemnify the acquirer of 2ergo Americas as a result of litigation in the US.

Pursuant to the Company's disposal of Telitas US Inc and its subsidiary 2ergo Americas Inc on 24 February 2012, as is common in such transactions, the Group agreed to indemnify the acquirer, SoundBite Communications Inc ("SoundBite"), against certain claims that might arise relating to the period prior to SoundBite's acquisition of Telitas US Inc. The indemnification notice period terminates on 24 February 2014. Any successful claim made under this indemnity could have a material adverse effect on the Company's financial condition. \$750,000 of the consideration for the disposal of Telitas US Inc was placed into an escrow account to be used to settle any indemnification claims arising, including in respect of any legal costs incurred by SoundBite in defending such claims. \$300,000 has been released to SoundBite in satisfaction of a claim by SoundBite for legal costs relating to the action described below. The amount held in escrow is not included in the Company's cash balances.

The US customer communications industry is characterised by frequent claims and litigation, including claims regarding patent and other intellectual property rights. On 5 April 2012, a class action suit was filed against sixteen defendants across the US mobile telecommunications market, including the major network carriers, alleging violation of the US Sherman Act. SoundBite, as the ultimate parent undertaking of 2ergo Americas, was named as a defendant in this case and therefore has sought indemnification from the Company. The Directors view the claim as an example of the US approach to litigation and indeed 2ergo Americas has never contracted or done any business with the plaintiffs. Accordingly, while any litigation proceedings are inherently uncertain, based upon the information currently available to them, the Directors believe that the action against SoundBite is unlikely to succeed and the claim is to be defended vigorously. However, if the claim is successful, the effect on the Company's financial position could be material and it is not currently possible to estimate the costs that may be incurred by the Company in relation to it. Whether or not the claim is successful there can be no guarantee that the amount held in escrow will be adequate to cover the Company's liability under the indemnity.

The Company relies on the expertise of its employees.

Technical competence and innovation is critical to the Company's business and depends on the expertise of the Directors and key employees and the work of technically skilled employees. While the Company has entered into contractual arrangements and offers competitive reward and benefit packages, including long-term incentive schemes, with the aim of securing the services of these Directors and employees, as is the case with all companies, the retention of their services is not guaranteed. The market for the services of these types of employees is competitive and therefore the Company may not be able to attract and retain these employees.

The Company may not be able to secure necessary funding in the future, if needed.

The Company's capital requirements depend on numerous factors, including the rate of market acceptance of its technology and the ability to attract new customers. It is therefore difficult for the Directors to predict the timing and amount of capital required with accuracy. The Company may, in the future, need to access additional funds to finance working capital requirements or its growth through future stages of development. The Company may be unable to obtain adequate financing on acceptable terms. Any additional share issue may have a dilutive effect on shareholders. Further, there can be no guarantee or assurance that additional equity funding will be forthcoming if and when required, nor as to the terms and price on which such funds would be available.

APPENDIX I

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act”	the Companies Act 2006 (as amended)
“Additional Demand Option”	the option granted to Numis by the Company in the Placing Agreement to require the Company to issue Additional Demand Option Shares (in addition to the Initial Placing Shares, the Subscription Shares, the Payment Shares and the EMI Option Shares), details of which are set out in this document
“Additional Demand Option Shares”	the 10,000,000 Ordinary Shares in respect of which the Additional Demand Option may be exercised
“Admission”	the proposed admission of the Placing Shares, the Subscription Shares and the Payment Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM Rules issued by the London Stock Exchange in relation to AIM traded securities
“Board” or “Directors”	the directors of the Company as at the date of this document, being those persons whose names appear on page 3 of this document
“Company” or “2ergo”	2ergo Group plc, a company registered in England and Wales with company number 5010663
“CREST”	the relevant system, as defined in the CREST Regulations, in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“EMI Options”	the options to be granted to the Executives by the Company (subject to, and conditional upon, the Placing become unconditional in all respects) pursuant to the EMI Scheme details of which are set out in Appendix II to this document
“EMI Option Shares”	the 66,644,176 Ordinary Shares in respect of which, in aggregate, the EMI Options may be exercised
“EMI Scheme”	the 2013 Enterprise Management Incentive Scheme of the Company
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission (assuming no Additional Demand Option Shares are issued and that there is no exercise of the rights to subscribe under the EMI Options)
“EPOS”	electronic point of sale
“Euroclear”	Euroclear UK and Ireland Limited (formally CRESTCo Limited), the operator of CREST
“Executives”	each of Barry Sharples, Neale Graham and Jill Collighan

“Financial Conduct Authority” or “FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy, accompanying this document, for use in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended) and all regulations promulgated thereunder from time to time
“General Meeting”	the general meeting of the Company convened for 10.00 a.m. on 3 July 2013, notice of which is set out at the end of this document, or any adjournment of such general meeting
“Group”	the Company and its subsidiary undertakings as at the date of this document
“Initial Placing Shares”	the 256,000,000 new Ordinary Shares conditionally placed with certain investors pursuant to the Placing Agreement
“London Stock Exchange”	London Stock Exchange plc
“MXC Capital”	MXC Capital Limited, a company registered in England and Wales with company number 7039551
“Numis”	Numis Securities Limited, a company registered in England and Wales with company number 2285918
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Payment Shares”	the: <ul style="list-style-type: none"> (a) 5,000,000 new Ordinary Shares to be issued fully paid to Numis; (b) 5,000,000 new Ordinary Shares to be issued fully paid to MXC Capital Advisory LLP; (c) 1,250,000 new Ordinary Shares to be issued fully paid to Keith Seeley; and (d) 1,250,000 new Ordinary Shares to be issued fully paid to Peter Kenyon, <p>in each case in satisfaction of certain obligations of the Company to make payments to each of them and in each case as described in the letter from the chairman of the Company in this document</p>
“Placing”	the proposed placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 17 June 2013 made between the Company and Numis relating to the placing of the Placing Shares
“Placing Price”	1 pence per Placing Share
“Placing Shares”	the Initial Placing Shares and the number of Additional Demand Option Shares (if any) in respect of which the Additional Demand Option is exercised
“Proposed Executive Chairman”	Ian Smith, details of whom are set out in this document
“Proposed New Board”	Ian Smith, Neale Graham, Jill Collighan and Simon Duckworth
“Proposed New Directors”	each of Ian Smith and Simon Duckworth

“Resolutions”	the resolutions set out in the notice of the General Meeting at the end of this document
“Shareholders”	holders of Ordinary Shares
“Share Payments”	the obligations of the Company to pay certain amounts to each of MXC Capital Advisory LLP, Numis, Keith Seeley and Peter Kenyon which it has agreed, in each case, to satisfy by the issue of the Payment Shares
“Subscription”	the proposed subscription for the Subscription Shares at the Subscription Price
“Subscription Price”	1 pence per Subscription Share and
“Subscription Shares”	the 54,000,000 new Ordinary Shares conditionally subscribed for, in aggregate, by Neale Graham, Barry Sharples and Keith Seeley

APPENDIX II

ARRANGEMENTS RELATING TO THE DIRECTORS AND THE PROPOSED NEW DIRECTORS

Resignation of Barry Sharples

Subject to, and conditional upon, the Placing becoming unconditional in all respects, Barry Sharples has agreed to resign as a director of the Company and to vary the conditions of his employment.

Barry Sharples will continue to be employed by the Company on a part-time basis as a general business adviser pursuant to which the Company has agreed to pay him a salary of £6,000 per annum.

Barry Sharples has entered into a compromise agreement with the Company (which is conditional upon the Placing becoming unconditional in all respects) pursuant to which the Company has agreed to pay £35,000 as compensation for the change in his role from director to a general business adviser.

Resignation of Keith Seeley

Subject to, and conditional upon, the Placing becoming unconditional in all respects, Keith Seeley has agreed to resign as a non-executive director of the Company.

Keith Seeley will be employed by the Company on a part-time basis as a general business adviser pursuant to which the Company has agreed to pay him a salary of £6,000 per annum.

Upon his resignation as a non-executive director of the Company becoming effective, the Company has agreed to pay the sum of £12,500 to Keith Seeley for compensation for loss of office which will be satisfied by the issue to him of 1,250,000 fully paid Ordinary Shares.

Resignation of Peter Kenyon

Subject to, and conditional upon, the Placing becoming unconditional in all respects, Peter Kenyon has agreed to resign as a non-executive director of the Company.

Upon his resignation as a non-executive director of the Company becoming effective, the Company has agreed to pay the sum of £12,500 to Peter Kenyon for compensation for loss of office which will be satisfied by the issue to him of 1,250,000 fully paid Ordinary Shares.

Change to Neale Graham's terms of employment

Subject to, and conditional upon, the Placing becoming unconditional in all respects, Neale Graham has agreed to vary the conditions of his employment as follows:

- (a) he will cease to be employed as Chief Executive Director and will become Executive Director of the Company;
- (b) he will be paid a salary of £35,000 per annum for the first 12 months following Admission;
- (c) after 12 months he will be paid a salary of £135,000 per annum, of which £35,000 will be payable in monthly instalments and of which £100,000 will be deferred until the Company returns to profitability; and
- (d) the period of notice which either he or the Company is required to give in order to terminate his employment will be reduced from 12 months to 6 months.

Remuneration arrangements of the Proposed New Directors

The Company has agreed to the following remuneration arrangements in respect of Ian Smith and Simon Duckworth:

Ian Smith: Fees of £120,000 per annum will be paid to Mathian LLP in return for the provision of the services of Ian Smith. Mathian LLP is a limited liability partnership incorporated and registered in England and Wales with company number OC37388.

Simon Duckworth: Non-executive director's fee of £25,000 per annum.

Share option arrangements

Within the period of 14 dealing days (being a day on which AIM is open for the transaction of business) of Admission ("**Date of Grant**"), the EMI Options will be granted to the Executives as set out below:

<i>Optionholder</i>	<i>Number of shares subject to option</i>	<i>Plan under which option granted</i>
Barry Sharples	28,232,088	2013 Enterprise Management Incentive Scheme
Neale Graham	28,412,088	2013 Enterprise Management Incentive Scheme
Jill Collighan	10,000,000	2013 Enterprise Management Incentive Scheme

The detailed terms of each grant of the EMI Options is as follows:

Barry Sharples and Neale Graham

Subject to and conditional upon the Placing becoming unconditional, each of Barry Sharples and Neale Graham will be granted:

- (a) an option over 10,000,000 Ordinary Shares at nil cost ("**Nil Cost Option**");
- (b) an option over 10,000,000 Ordinary Shares at an exercise price of £0.01 per Ordinary Share ("**Performance Option**"); and
- (c) an option over 8,232,088 Ordinary Shares (for Barry Sharples) and 8,412,088 Ordinary Shares (for Neale Graham) at an exercise price of £0.01 per Ordinary Share ("**Additional Option**"),

in each case under the rules of the EMI Scheme.

Nil Cost Option

The Nil Cost Option will vest immediately upon the Date of Grant but will not be exercisable until 12 months from the Date of Grant.

In the event that Barry Sharples or Neale Graham (as the case may be) cease to be an employee or director of the Company at any time, the Nil Cost Option shall not lapse but shall continue to subsist and be capable of being exercised in accordance with the rules of the EMI Scheme.

In the event of a sale of at least 51 per cent. of the issued share capital of the Company or of any subsidiary of the Company or a sale of a material proportion of the assets of the Company or any subsidiary of the Company ("**Sale**") or other similar corporate event such as a de-merger, scheme of arrangement or as determined by the remuneration committee of the Company ("**Committee**"), the Nil Cost Option shall be capable of being exercised immediately prior to the completion of the Sale or other corporate event in respect of all of the Ordinary Shares over which the Nil Cost Option has been granted.

Performance Option

The Performance Option will vest immediately upon the Date of Grant and will be subject to the performance conditions as set out below (“**Performance Conditions**”):

<i>Percentage of shares under option</i>	<i>Performance Condition</i>
50%	Company’s share price reaches or exceeds £0.035
50%	Company’s share price reaches or exceeds £0.07

The Company’s closing share price must reach or exceed the target share price for at least a period of 10 consecutive dealing days for the Performance Conditions to be met.

In the event that Barry Sharples or Neale Graham (as the case may be) ceases to be an employee or director of the Company due to death, serious ill health, injury or disability, redundancy, the Company ceasing to be a member of the Group, a TUPE transfer or any other circumstances in which the Committee decides, his Performance Option shall be capable of exercise as set out in the rules of the EMI Scheme and as follows:

- (a) in the event of death, the Performance Option will be exercisable for a period of 12 months from the date of death; and
- (b) in any other case referred to above, the Performance Option will be exercisable for the period as notified to the relevant optionholder by the Committee (which shall be a period of no less than 40 days from the date of cessation of employment or office).

In the event that either of Barry Sharples or Neale Graham (as the case may be) ceases to be an employee or director of the Company for any other reason, other than as set out above, his Performance Option shall lapse and cease to be exercisable in full.

In the event of a Sale or other similar corporate event such as a de-merger, scheme of arrangement or as determined by the Committee upon such a corporate event, the Performance Option shall be capable of being exercised immediately prior to the completion of the Sale or other corporate event in respect of all of the Ordinary Shares over which the Performance Option has been granted and the Performance Conditions shall not apply.

Additional Option

The Additional Option will vest immediately upon the Date of Grant and will not be subject to the Performance Conditions. However, the Additional Option will not be exercisable until such time as Barry Sharples or Neale Graham (as the case may be) cease to be an employee or director of the Company, save for in the case of gross misconduct or voluntary termination (except as a result of the optionholder’s ill health, death or disability) in which case his Additional Option shall lapse in full.

To the extent that Barry Sharples or Neale Graham (as the case may be) sells any Ordinary Shares which: (i) he holds as at the Date of Grant of the Additional Option; or (ii) are issued or transferred to him following the exercise of the Nil Cost Option or the Performance Option, then the number of Ordinary Shares over which the Additional Option may be exercised shall be scaled back by a number equal to 18 per cent. of any Ordinary Shares sold before the Additional Option is exercised.

Subject to the paragraph set out directly above, in the event of a Sale or other similar corporate event such as a de-merger, scheme of arrangement or as determined by the Committee, upon such a corporate event, the Additional Option shall be capable of being exercised immediately prior to the completion of the Sale or other corporate event in respect of 100 per cent. of the Shares.

Jill Collighan

Jill Collighan currently holds 889,737 options over Ordinary Shares, which have been granted on various dates under a series of option agreements (“**Existing Options**”). Subject to and conditional upon the Placing becoming unconditional, Jill Collighan will surrender the Existing Options and the Company will grant an option over 10,000,000 Ordinary Shares at an exercise price of £0.01 per Ordinary Share under the rules of the EMI Scheme.

This option will vest immediately upon the Date of Grant but will be subject to the same Performance Conditions, leaver provisions and sale provisions as apply to the Performance Options granted to Barry Sharples and Neale Graham as set out above.

Further details relating to Ian Smith

- (a) Ian Smith is, or has been in the five years preceding the date of this document, a director or partner of the following companies and partnerships:

Name of company/partnership

Mathian LLP

MXC Capital Limited

Redstone plc

Redstone Converged Solutions Limited

Maxima Holdings Limited

Mantin Capital Limited

Mathian (CM) Limited

Redcentric plc

MXC Capital Finance Limited

Xploite plc

Xploite IHC Limited

Posetiv Limited

Anix Business Systems Limited

Anix Computers Limited

Anix Group Limited

Anix Holdings Limited

VBHG Limited

Itheon Limited

Red Squared Limited

1Spatial plc

FBHG Limited

Storage Fusion Limited

Blue River Systems Limited

Accumuli plc

1Spatial plc

- (b) In 2007, Decorum Networks Limited, of which Ian Smith was a director was subject to a creditors voluntary liquidation.
- (c) In 2009, Broadblue Catamaran Sales Limited, of which Ian Smith was a director was subject to a creditors voluntary liquidation.
- (d) In 2011, Broadblue Catamarans Limited, of which Ian Smith was a director was subject to a creditors voluntary liquidation.

Further details relating to Simon Duckworth

Simon Duckworth is, or has been in the five years preceding the date of this document, a director or partner of the following companies and partnerships:

Name of company/partnership

Association of Police and Crime Commissioners

Accumuli plc

Police I.C.T. Company Limited

Barings Targeted Return Fund (C.I.F.)

Serious Fraud Office

Gresham College

Bann System Limited

Fidelity European Values plc

Association of Police Authorities

Empire & Overseas Auctions Limited

2ergo Group plc

(Incorporated and registered in England and Wales with number 5010663)

Notice of General Meeting

Notice is hereby given that a General Meeting of the Company will be held at 10.00 a.m. on 3 July 2013 at the Company's offices at 4th Floor, Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

Ordinary Resolution

1. THAT the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("Act") (in addition to (and not in substitution for) the like authority conferred on the directors of the Company at the annual general meeting of the Company on 28 February 2013) to exercise all powers of the Company to allot ordinary shares of 1 pence each in the Company and to grant rights to subscribe for or convert any security into such shares ("Allotment Rights"), up to an aggregate nominal value of £3,325,000 pursuant to the Placing, the Subscription and the Share Payments (each as defined and described in the circular to shareholders of the Company dated 17 June 2013, of which this notice forms part) and provided that this authority is for a period expiring on 31 July 2013, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and the directors may allot shares or grant Allotment Rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolution

2. THAT, subject to the passing of Resolution 1, the directors be and they are hereby empowered pursuant to section 571 of the Companies Act 2006 ("Act") (in addition to (and not in substitution for) the like power conferred on the directors of the Company at the annual general meeting of the Company on 28 February 2013) to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £3,325,000 pursuant to the Placing, the Subscription and the Share Payments (each as defined and described in the circular to shareholders of the Company dated 17 June 2013, of which this notice forms part) and provided that this authority is for a period expiring on 31 July 2013, save that the Company may, before such expiry, 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 notwithstanding that the power conferred by this resolution has expired.

By order of the Board

JG Esson
Secretary
17 June 2013

Registered Office
4th Floor, Digital World Centre
1 Lowry Plaza, The Quays,
Salford, Manchester
M50 3UB

Notes

1. A form of proxy is enclosed for your use.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (save that a member may not appoint more than one proxy to exercise rights attached to any one share) to attend, speak and vote in his or her place. A proxy need not be a member of the Company.
3. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by not later than 10.00 a.m. on 1 July 2013 (or, if the meeting is adjourned, not less than 48 hours before the time of any adjourned meeting).
4. Completion of a form of proxy will not preclude a member from attending and voting in person at the meeting should he or she wish to do so.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members who hold shares in uncertificated form must be entered on the register of members of the Company at close of business on the day which is two days before the date of the General Meeting (or, if the meeting is adjourned, at close of business on the day which is two days before the date of any adjourned meeting) in order to be entitled to attend and vote at the General Meeting. Such members may only cast votes in respect of shares held at such time.
6. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.

