

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser duly authorised under the Financial Services and Markets Act 2000, as amended.

If you have sold or transferred all of your Ordinary Shares in 2 ergo Group plc, please send this document, together with 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 transmission to the purchaser or transferee. If you have sold part only of your holding of Ordinary Shares in 2 ergo Group plc, you should retain these documents.

The Directors, whose names appear on page 3, accept responsibility for all the information contained in this document save in respect of the recommendation contained on page 7 in Part I of this document in respect of which responsibility is only accepted by the Independent Directors. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit to state anything likely to affect the import of such information.

The Concert Party, whose names appear on page 3, accept responsibility for all the information contained in this document relating to the Concert Party, each of them and related trusts. To the best of the knowledge and belief of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit to state anything likely to affect the import of such information.

2 ergo Group plc



Notice of Annual General Meeting
including

Authority to purchase own shares and Approval of Waiver of Rule 9 of the City Code on
Takeovers and Mergers

This document should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out in Part I of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

Notice convening an Annual General Meeting of 2 ergo Group plc to be held at the offices of the Company at Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB at 10.00am on 26 February 2010 is set out at the end of this document. To be valid, the Form of Proxy enclosed for use in relation to the Annual General Meeting must be completed in accordance with the instructions set out thereon and returned as soon as possible to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 3FA but in any event so as to arrive not later than 10.00am on 24 February 2010. The return of a Form of Proxy will not preclude a member from attending and voting at the Annual General Meeting in person should he subsequently decide to do so.

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Expected Timetable of Principal Events

Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	10am on 24 February 2010
Annual General Meeting	10am on 26 February 2010

PART I

Letter from the Chairman

2 ergo Group plc

Registered in England No 5010663

Directors

Keith Seeley (*Non-executive Chairman*)
Barry Sharples (*Joint Chief Executive Officer*)
Neale Graham (*Joint Chief Executive Officer*)
Jill Collighan (*Finance Director*)
Martin Caller (*Non-executive Director*)

Registered Office:

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

3 February 2010

Dear Shareholder

Introduction

I am pleased to enclose at Part V of this document notice of the Annual General Meeting (**AGM**) of the Company to be held on 26 February 2010 at the offices of the Company at Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB. At the AGM, the Company proposes, inter alia, to renew the authority granted by the shareholders at the last annual general meeting held on 3 March 2009 to purchase its own shares. Obtaining the renewal of the authority for the Company to purchase its own shares is subject to the approval of the Shareholders at the AGM, and so details of the authority required are set out in the Notice of AGM set out at Part V of this document.

Given the aggregate percentage of Barry Sharples' and Neale Graham's (together the "**Concert Party**") legal shareholding in the Company it is likely that any such purchase(s) would require them to make an offer under the Takeover Code to acquire the balance of the Ordinary Shares not owned by them. The purchase(s), therefore, is/are subject to a waiver under Rule 9 of the Takeover Code being obtained from the Panel as well as the renewal of the authority of the Independent Shareholders given on 3 March 2009. Further details of the Takeover Code issues are set out below and your attention is drawn to the Additional Information set out in Part III of this document.

Reasons for and benefits of granting authority to purchase Ordinary Shares

The Board intends to use the proposed authority to utilise some of its existing cash surplus to make market purchases of small shareholdings of up to 10 per cent. in aggregate of the Company's current issued share capital (such issued capital excluding the Ordinary Shares currently held in Treasury).

Details of the maximum number of shares that the Directors are to be authorised to purchase and details of the minimum and maximum price to be paid on any exercise of that authority are set out in resolution 6 of the notice of the AGM set out in Part V of this document.

The Company intends to carry out any share buy backs using distributable reserves available. Following any given buy back of shares, the Company intends to hold these shares in treasury. Shares held in treasury may be subsequently cancelled, sold for cash or used to satisfy share options and share awards under the Company's employee share schemes. 899,726 shares are currently held in treasury by the Company.

The total number of options to subscribe for Ordinary Shares that are outstanding as at 28 January 2010 is 2,364,144, which represents 7.25 per cent. of the issued share capital of the Company as at that date (excluding those Ordinary Shares held in treasury at that date). Such number of options will represent 8.06 per cent. of the issued share capital of the Company (excluding Ordinary Shares held in treasury) if the full authority to purchase its own shares is used by the Company.

Dispensation from Rule 9 of the Takeover Code

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares (whether or not such shares are bought back into treasury) any resulting increase in the percentage of such shares held by a person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the capital of the Company during the 12 months prior to the announcement of the offer.

Assuming a purchase by the Company of 10 per cent. of its issued share capital at the date of this letter, Barry Sharples' and Neale Graham's individual legal holding of voting shares in the capital of the Company will each rise from 16.05 per cent. (the current position as at the date of this document) to 17.83 per cent.. Due to their historic dealings in Ordinary Shares, their status as co-founders of the Company and their position as Joint Chief Executive Officers, Mr Sharples and Mr Graham are deemed to be acting in concert for the purposes of the Takeover Code.

On completion of a purchase by the Company of 10 per cent. of its issued voting share capital as at the date of this letter, Mr Sharples and Mr Graham will between them be interested in 35.67 per cent. (17.83 per cent. each) of the Company's issued voting share capital (assuming that there are no other options or convertible securities exercised), thereby falling within the provisions of Rule 9 of the Takeover Code. In addition, should Mr Sharples and Mr Graham exercise all options over shares in the capital of the Company which have been granted to them (as detailed in paragraph 2(b) of Part III of this document), Mr Sharples and Mr Graham will between them be interested in 36.22 per cent. (18.11 per cent. each) of the Company's issued voting share capital (assuming that there are no other options or convertible securities exercised). The earliest date by which Mr Sharples and Mr Graham could exercise all options which have been granted to them is 31 August 2010. The impact of these transactions on Mr Sharples' and Mr Graham's respective legal shareholdings is shown in the table over.

	Current shareholding		Shareholding assuming exercise of options*		Shareholding assuming share buyback**		Shareholding assuming exercise of options* and share buyback**	
	No.	%	No.	%	No.	%	No.	%
Barry Sharples	5,233,822	16.05	5,360,968	16.31	5,233,822	17.83	5,360,968	18.11
Neale Graham	5,233,822	16.05	5,360,968	16.31	5,233,822	17.83	5,360,968	18.11
Concert Party	10,467,644	32.10	10,721,936	32.63	10,467,644	35.67	10,721,936	36.22

* Assuming both members of the Concert Party exercise their options and no other options or convertible securities exercised

** Assuming a share buyback of 10 per cent. of the issued voting share capital of the Company as at the date of this letter

The Panel has agreed, however, to waive the obligation under Rule 9 to make a general offer that would otherwise arise as a result of the proposed market purchase(s), subject to the approval of the Independent Shareholders on a poll. Accordingly, resolution 5 (below and as set out in the notice of AGM) is being proposed at the AGM, and will be taken on a poll. The Concert Party will not be entitled to vote on this resolution.

Following completion of the proposed market purchase(s), the Concert Party will be interested in shares carrying 30 per cent. or more of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and (for so long as they continue to be treated as acting in concert) any further increase in that interest in shares will be subject to the provisions of Rule 9.

Notice of AGM

Set out at Part V of this document is a notice convening the AGM of the Company to be held at 10am on 26 February 2010 at the offices of the Company at Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB to consider and, if thought fit, pass the resolutions described below.

Ordinary Business

1. To receive the directors' report and annual accounts and the auditor's report for the financial year ending 31 August 2009.
2. To reappoint Neale Spear Graham as a director of the Company.
3. To reappoint Jill Collighan as a director of the Company.
4. To reappoint Grant Thornton UK LLP as auditor and to authorise the directors to fix their remuneration.
5. To approve the waiver of Rule 9 of the Takeover Code for the purposes of permitting market purchases of the Company's own shares of up to 10 per cent. of its current issued share capital and/or the exercise of options granted to the Concert Party.

Special Business

6. Subject to the passing of resolution 5 above, to renew the authority last granted to the directors on 3 March 2009 to make market purchases of up to 10 per cent. of the Company's own issued Ordinary Shares.
7. To grant the directors of the Company authority for the purposes of section 551 of the Companies Act 2006 (**2006 Act**) to exercise all the powers of the Company to allot relevant securities.
8. Subject to the passing of the previous resolution, to grant the directors authority pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution as if the statutory pre-emption rights contained in the 2006 Act did not apply to any such allotment, subject to the conditions set out in the AGM Notice.
9. To grant the directors of the Company authority to hold general meetings of the Company (other than Annual General Meetings) on 14 days' notice, notwithstanding that any resolution proposed at such meeting is proposed as an ordinary or as a special resolution.

Action to be taken

A Form of Proxy for use by Shareholders at the AGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 3FA as soon as possible and in any event so as to be received no later than 10am on 24 February 2010. The completion of the Form of Proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so.

Continuation of Business and Prospects

The Board (including the Concert Party) intends to continue to conduct the business of the Company and its subsidiaries generally in the same manner as it is currently conducted. The Concert Party does not have any strategic plan regarding the Company's employment of the employees or management of the Company and its subsidiaries or with regard to the redeployment of any fixed assets of the Company or its place of business other than as previously stated by the Concert Party as executive directors of the Company.

Details of the Company's business and financial and trading prospects are set out in the Company's 2009 Annual Report and Accounts, a copy of which is included with this document.

Recommendation

Rule 9 waiver

The Independent Directors, who have been so advised by Numis, consider that the Proposal is fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole.

Accordingly, your Independent Directors (the Concert Party having been excluded from considering the Proposal) unanimously recommend that Shareholders vote in favour of the resolutions to approve the waiver of Rule 9 of the Takeover Code and grant authority to the Company to purchase its own shares as set out in the notice of AGM, as they intend to do so in respect of the shareholdings registered in their own names, which amount, in aggregate, to 1,101,353 Ordinary Shares, representing approximately 3.38 per cent. of the existing

issued share capital of the Company. In providing advice to the Board, Numis has taken into account the commercial assessments of the Independent Directors.

As mentioned above, as Barry Sharples and Neale Graham are not Independent Shareholders for the purposes of the approval of the waiver of Rule 9 of the Takeover Code, they will not be permitted to vote on resolution 5 as set out in the notice of AGM.

Other resolutions

The Board unanimously recommends that shareholders vote in favour of all the other resolutions set out in the notice of AGM.

Yours faithfully
Keith Seeley
Chairman

Part II

Definitions

Board	the board of directors of the Company as at the date, and as listed on page 3, of this document
Company	2 ergo Group Plc
Concert Party	Mr Barry Anthony Sharples and Mr Neale Spear Graham
AGM	the annual general meeting of the Company to be held at 10am on 26 February 2010, notice of which is set out in Part V of this document
Form of Proxy	the Form of Proxy which accompanies this document for use in connection with the AGM
Independent Directors	the Board, excluding the Concert Party
Independent Shareholders	the Shareholders, excluding the Concert Party
Numis	Numis Securities Limited, Nominated Advisor and Broker to the Company
Ordinary Shares	the ordinary shares of 1p each in the capital of the Company
Panel	the Panel on Takeovers and Mergers
Proposal	the proposed resolutions to renew the authority granted to the Board on 3 March 2009 to make market purchases of up to 10 per cent. of the Company's own issued Ordinary Shares and the approval of the waiver granted by the Panel of the obligations that would otherwise arise on the members of the Concert Party to make a general offer to the Shareholders pursuant to Rule 9 of the Takeover Code as a result of the increase in their aggregate holding of Ordinary Shares as a result of the proposed market purchase(s) by the Company of its own shares and/or the exercise of the options granted to the Concert Party as described in this document;
Shareholders	the holders of Ordinary Shares in the capital of the Company at the date of this document
Takeover Code	the City Code on Takeovers and Mergers

Part III

Additional Information

1. Definitions

1.1 For the purposes of this Part III:

- (a) **"2006 Act"** means the Companies Act 2006;
- (b) **"acting in concert"** has the meaning attributed to it in the Takeover Code;
- (c) **"AMT"** means Activemedia Technologies Limited (company number 4249421) and its Indian subsidiary, Active Media Technologies Pvt Limited;
- (d) **"arrangement"** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (e) **"associate"** of any company means:
 - (i) its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);
 - (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) its directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts); and
 - (iv) its pension funds or the pension funds of a company covered in (i) above;
- (f) **"Company"** means 2 ergo Group plc;
- (g) **"connected adviser"** has the meaning attributed to it in the Takeover Code;
- (h) **"connected person"** has the meaning attributed to it in sections 252 to 255 of the 2006 Act;
- (i) **"control"** means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) irrespective of whether the holding or aggregate holding gives *de facto* control;
- (j) **"dealing"** or **"dealt"** includes the following:
 - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;

- (iv) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (k) **"derivative"** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
- (l) **"disclosure date"** means 28 January 2010, being the latest practicable date prior to the posting of this document;
- (m) **"disclosure period"** means the period commencing on 29 January 2009, being the date 12 months prior to the disclosure date, and ending on the disclosure date;
- (n) **"exempt principal trader"** or **"exempt fund manager"** has the meaning attributed to it in the Takeover Code;
- (o) being **"interested"** in relevant securities includes where a person:
- (i) owns relevant securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;
- (p) **"paragraph 1 associate"** means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);
- (q) **"relevant securities"** means Ordinary Shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

- (r) **"short position"** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

2. Interests in relevant securities

- (a) the interests of the Directors and their respective immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in relevant Company securities were as follows:

Name	Number of Ordinary Shares
Barry Sharples	3,033,822 (beneficial); 5,233,822 (legal)
Neale Graham	3,033,822 (beneficial); 5,233,822 (legal)
Jill Collighan	1,099,116 (beneficial); 99,116 (legal)
Keith Seeley	871,329
Martin Caller	130,908

- (b) the following options over Company Shares had been granted to the Directors and their respective immediate families, related trusts and connected persons under Company share option schemes and remain outstanding:

Director	Number of Ordinary Shares	Exercise Price (pence)	Exercise Period	
			From	To
Barry Sharples	68,837	202.5	2008	2016
	58,309	171.5	2007	2015
Neale Graham	68,837	202.5	2008	2016
	58,309	171.5	2007	2015
Jill Collighan	114,729	202.5	2008	2016
	84,956	171.5	2007	2015
	165,050	48	2006	2014

- (c) the interests of Lammtara Industries EBT Trustees Limited in relevant Company securities were as follows:

Name	Number of Ordinary Shares
Lammtara Industries EBT Trustees Limited	792,146 (beneficial); 731,540 (legal)

- (d) relevant Company securities held in treasury were as follows:

Name	Number of Ordinary Shares
2 ergo Group plc	899,726

- (e) no connected adviser or paragraph 1 associate of the Company has any interest in relevant Company securities.

3. Dealings in relevant Company securities

- (a) The following dealings in relevant Company securities by the Directors have taken place during the disclosure period.

Name	Date	Nature of Transaction	Number of Ordinary Shares	Price per Ordinary Share* (pence)
Barry Sharples	8/4/09	Issue of new Ordinary Shares pursuant to acquisition of Broca plc	436,111	N/A
Neale Graham	8/4/09	Issue of new Ordinary Shares pursuant to acquisition of Broca plc	436,111	N/A
Jill Collighan	8/4/09	Issue of new Ordinary Shares pursuant to acquisition of Broca plc	8,258	N/A
Keith Seeley	8/4/09	Issue of new Ordinary Shares pursuant to acquisition of Broca plc	72,604	N/A
Martin Caller	8/4/09	Issue of new Ordinary Shares pursuant to acquisition of Broca plc	10,908	N/A

* The Ordinary Share price on the date of issue of new shares was 118.5 pence.

- (b) The following dealings in relevant Company securities by Lammtara Industries EBT Trustees Limited have taken place during the disclosure period:

Name	Date	Nature of Transaction	Number of Ordinary Shares	Price per Ordinary Share (pence)
Lammtara Industries EBT Trustees Limited	8/4/09	Issue of new Ordinary Shares pursuant to acquisition of Broca plc	78,394	N/A*
Lammtara Industries EBT Trustees Limited	24/11/09	Sale	52,715	48.0

* The Ordinary Share price on the date of issue of new shares was 118.5 pence.

- (c) During the disclosure period, no connected adviser or paragraph 1 associate of the Company has any dealings in relevant Company securities save that Numis Securities Limited acquired on behalf of the Company 250,000 Ordinary Shares on 29 July 2009 and 109,825 Ordinary Shares on 24 November 2009, which were subsequently bought by the Company and are held in treasury as set out in paragraph 3(d) below.
- (d) During the disclosure period the Company has bought the following relevant Company securities which were not cancelled but are held in treasury and have not been cancelled or used by the Company for any other purpose.

Date	Number of Ordinary Shares	Price per Ordinary Share (pence)
29 July 2009	250,000	110.0
24 November 2009	109,825	127.5

- (e) During the disclosure period the Company has issued the following relevant Company securities from treasury, pursuant to the exercise of share options by certain employees of the Company.

Date	Number of Ordinary Shares	Price per Ordinary Share (pence)
24 November 2009	210,099	21.88

4. Takeover Code Disclosures

As at the close of business on the disclosure date, save as disclosed in this Part III:

- (a) neither Mr Sharples nor Mr Graham had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had they dealt in any relevant Company securities during the disclosure period;
- (b) none of the Directors of the Company (including any members of such Directors' respective immediate families, related trusts or connected persons) had an interest

in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;

- (c) no person acting in concert with Mr Sharples or Mr Graham had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, during the disclosure period;
- (d) no person with whom Mr Sharples or Mr Graham or any person acting in concert with them has any arrangement or had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- (e) no paragraph 1 associate of the Company had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- (f) no pension fund of the Company or of a paragraph 1 associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- (g) no employee benefit trust of the Company or of a paragraph 1 associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- (h) no connected adviser to the Company or to a paragraph 1 associate or to a person acting in concert with the Company, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- (i) no person who has an arrangement with the Company or with a paragraph 1 associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- (j) the Company had not redeemed or purchased any relevant Company securities during the disclosure period;
- (k) neither the Company nor any person acting in concert with the Company had borrowed or lent any relevant Company securities, save for any borrowed shares which have either been on-lent or sold;
- (l) neither Mr Sharples nor Mr Graham nor any person acting in concert with them had borrowed or lent any relevant Company securities, save for any borrowed shares which have either been on-lent or sold;
- (m) there were no arrangements which existed between the Company or any associate of the Company and any other person; and
- (n) there were no arrangements which existed between Mr Sharples or Mr Graham, or any person acting in concert with them, and any other person.

Save as disclosed in the subsequent paragraphs, neither member of the Concert Party:

- (a) has been involved as a director (or in a managerial, administrative or supervisory role) with any other company or partnership in the five year period ending on the date of this document, other than associated companies of the Company;
- (b) has any conviction relating to fraudulent offences;
- (c) has been involved in any company or partnership as a director (or in any capacity as stated above) which has been subject to any bankruptcies, receiverships or liquidations in the five year period ending on the date of this document; and
- (d) has received, or been involved in any capacity with any company or partnership which has received, any official public incrimination and/or sanction by any statutory authority or has ever been disqualified by a court from acting as a director or as a member of the administrative, managerial or supervisory bodies of any company or partnership.

Barry Sharples is a director of IVR World Service Limited, Magicard Limited, Boxclever Investments Limited and Broadspec Limited.

Neale Graham is a director of IVR World Service Limited, Magicard Limited, Boxclever Investments Limited, Neales Company Limited, Spiz Media Limited and Broadspec Limited.

Notwithstanding the disclosures above, the Concert Party has no significant business interests other than in the Company.

Save as disclosed in this document there are no conflicts of interest between the private interests of any director and any duties owed to the Company or the Shareholders.

5. London Stock Exchange Quotations

The following table sets out the closing middle market quotations for Ordinary Shares as derived from the AIM Appendix to the Daily Official List as published by the London Stock Exchange for the first dealing day of the six months immediately prior to the date of this document and for 28 January 2010 (being the latest practicable date before the publication of this document):

<i>Date</i>	<i>Ordinary Share Price (Pence)</i>
3 August 2009	117.5
1 September 2009	117.5
1 October 2009	132.5
2 November 2009	125.5
1 December 2009	120.0
4 January 2010	119.0
28 January 2010	120.0

6. Material Contracts

Save as set out below, there have been no contracts entered into by the Company or its subsidiaries which are or may be material, other than those entered into in the ordinary course of business, in the two years immediately prior to the date of this document:

(a) July 2008 Loan Agreement

A loan agreement dated 28 July 2008 was entered into between 2 ergo Limited and Broca Communications Limited. The loan made available a facility of £1,000,000 which was secured by way of debentures granted by Broca Communications Limited and Broca plc to 2 ergo Limited. The facility was fully drawn down by Broca Communications Limited. The purpose of the loan was to provide working capital and to provide funding for Broca Plc's acquisition of Sure on Sight Limited. The loan was repayable on the date 18 months following the date of the agreement, or if earlier, on the first written demand made by 2 ergo Limited. On 4 February 2009, the loan facility was extended to £1,300,000 by way of a side letter amending the July 2008 Loan Agreement. The balance of the facility was to be drawn down in tranches on request. The loan, which was fully drawn down, was eliminated on consolidation following the acquisition of Broca plc on 8 April 2009.

(b) Implementation and Broca Acquisition Agreement

An implementation agreement relating to the acquisition of the entire issued share capital of Broca plc to be effected by a scheme of arrangement pursuant to Part 26 of the 2006 Act, between the Company and Broca plc was entered into on 4 February 2009. Pursuant to this agreement, the Company agreed to be bound by the terms of the proposed acquisition (as set out in the announcement made by the Company on 5 February 2009) subject to the satisfaction of certain conditions as detailed therein. On completion of the acquisition (which occurred on 8 April 2009) the Company issued 2,872,856 new Ordinary Shares to the shareholders of Broca plc.

(c) Wapfly Share Acquisition Agreement

A share purchase agreement relating to the acquisition of the entire issued share capital of Wapfly Technologies Pty Limited, an Australian based provider of mobile software development services, was entered into on 14 May 2009. The consideration for the acquisition was £172,000 and was settled in cash.

(d) Activemedia Technologies Acquisition Agreement

A share purchase agreement relating to the acquisition of the entire issued share capital of Activemedia Technologies Limited and its Indian subsidiary Active Media Technologies Pvt Limited (AMT), providers of mobile ticketing and couponing solutions, was entered into on 24 July 2009. The initial consideration for the acquisition was £179,000. Further consideration is payable calculated as 4 times India profit after tax and 2.8 times UK operating profit for the year to 31 August 2012, which is payable between November 2009 and November 2013 dependent on AMT achieving agreed levels of financial performance and subject to an overall consideration cap to be settled in loan notes or shares at the Company's discretion.

(e) Directors' Agreements

Details of these agreements are set out below. No such agreement has been entered into in the six month period prior to the date of this document.

Director	Date of Agreement	Position	Notice	Annual Salary and Other Benefits
Barry Sharples	5 March 2004	Joint Chief Executive Officer	12 months	£106,090; bonus equal to 1 per cent of adjusted profits of the Company; pension contributions of 10 per cent. of salary; private medical expenses insurance; permanent health insurance; death in service benefit
Neale Graham	5 March 2004	Joint Chief Executive Officer	12 months	£106,090; bonus equal to 1 per cent of adjusted profits of the Company; pension contributions of 10 per cent. of salary; private medical expenses insurance; permanent health insurance; death in service benefit
Jill Collighan	5 March 2004	Finance Director	6 months	£114,400; bonus equal to 1 per cent of adjusted profits of the Company; pension contributions of 3 per cent. of salary; private medical expenses insurance; permanent health insurance; death in service benefit
Keith Seeley	5 March 2004	Non-Executive Director	3 months	£30,000 annual fee
Martin Caller	5 March 2004	Non-Executive Director	3 months	£15,000 annual fee

7. General

- (a) No agreement, arrangement or understanding (including any compensation agreement) exists between the Company or its subsidiaries or any person acting in concert with them and any of the Directors, recent directors, shareholders or recent shareholders of the Company, which has any connection with or is dependent upon the Proposal.
- (b) There are no funding arrangements in respect of the Proposal where repayment or security for any liability is dependent on the business of the Company.
- (c) There are no arrangements for transfer of shares acquired under the Proposal.

- (d) Numis has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.
- (e) The Directors are not aware of any material change in the financial or trading position of the Company since its last published audited annual report and accounts for the year ended 31 August 2009.
- (f) If the Proposal is approved at the AGM, any shares acquired by the Company will be brought into treasury. Shares held in treasury may be subsequently cancelled, sold for cash or used to satisfy share options and share awards under the Company's employee share schemes. No agreement, arrangement or understanding exists whereby any of the shares acquired in pursuance of the Proposal will be transferred to any other persons.
- (g) Copies of the following documents are available for inspection at the Company's registered office during normal business hours on any business day up to and including 26 February 2010 and at the AGM:
 - (i) the Memorandum and Articles of Association of the Company;
 - (ii) the audited consolidated accounts of the Company for the financial years ending 31 August 2008 and 31 August 2009;
 - (iii) the material contracts summarised in paragraph 6 above;
 - (iv) the consent referred to in paragraph 7(d) above; and
 - (v) the directors' service contracts.

Part IV

Financial Information

The financial information on the Company for the two years ended 31 August 2009 is contained in the 2009 audited financial statements of the Company which are provided to Shareholders together with this document, and for the financial year ended 31 August 2007 is contained in the 2008 audited financial statements of the Company.

- Financial information for the last 3 financial years for which the information has been published, revenue, net profit or loss before and after taxation, the charge for tax and earnings per share is available for the two years ended 31 August 2009 on page 39 of the Company's 2009 Annual Report and for the financial year ended 31 August 2007 on page 30 of the Company's 2008 Annual Report. There were no extraordinary items or dividends in any year.
- A statement of the assets and liabilities shown in the last published audited accounts is available on page 40 of the Company's 2009 Annual Report.
- A cash flow statement for the Company's last audited accounts is provided on page 42 of the Company's 2009 Annual Report.
- Disclosure of the Company's significant accounting policies is provided on pages 43 to 48 of the Company's 2009 Annual Report.
- There are no material variations brought about as a result of a change of accounting policy.

Part V

Notice of AGM

2 ergo Group plc

(the "Company")

(registered in England and Wales under No. 5010663)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on 26 February 2010 at 10.00am at the offices of the Company at Digital World Centre, 1 Lowry Plaza, The Quays, Salford, Manchester, M50 3UB, for the following purposes:

Ordinary Business

To consider and if thought fit pass the following ordinary resolutions:

1. THAT the directors' report and annual accounts and the auditors' report for the financial year ended 31 August 2009 be received.
2. THAT Neale Spear Graham be reappointed as a Director of the Company.
3. THAT Jill Collighan be reappointed as a Director of the Company.
4. THAT Grant Thornton UK LLP be reappointed as auditor of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
5. THAT the waiver granted by the Takeover Panel of the obligations that would otherwise arise on the members of the Concert Party (as defined in the circular to Shareholders of which this Notice forms part) to make a general offer to the Shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the increase in their aggregate holding of ordinary shares in the capital of the Company due to the proposed market purchase(s) by the Company of its own shares and/or the exercise of options granted to the Concert Party as described in the Company's circular to Shareholders of which this notice forms part, be and is hereby approved.

Special Business

To consider and if thought fit pass the following resolutions which shall be proposed as special resolutions.

6. Subject to the passing of Resolution 5 above, THAT the Company be generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("**2006 Act**") to make market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 1 pence each in the capital of the Company ("**ordinary shares**") provided that:
 - (a) The maximum number of ordinary shares hereby authorised to be purchased is 3,260,697 (representing 10 per cent. of the Company's issued ordinary share capital at 28 January 2010);
 - (b) The minimum price, exclusive of any expenses, which may be paid for an ordinary share is 1 pence;

- (c) The maximum price, exclusive of any expenses, which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share taken from AIM for the five business days immediately preceding the date on which such share is contracted to be purchased;
- (d) The authority hereby conferred shall expire on the earlier of 26 August 2011 or the close of the next Annual General Meeting of the Company, whichever is the earlier; and
- (e) The Company may make a contract for the purchase of ordinary shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares in pursuance of such a contract as if such authority had not expired.

7. THAT the Directors of the Company (the **Directors**) be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the 2006 Act to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £135,330.42 provided that this authority is for a period expiring on the conclusion of the Company's next Annual General Meeting but the Company may 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 offer or agreement as if the authority conferred by this resolution had not expired.

8. THAT subject to the passing of the previous resolution, the Directors be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £33,506.69.

provided that this authority is for a period expiring on the conclusion of the Company's next Annual General Meeting 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 offer or agreement notwithstanding that the power conferred hereby has expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560 of the 2006 Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by the previous resolution" were omitted.

9. THAT the Directors be granted authority to hold general meetings of the Company (other than Annual General Meetings) on 14 days' notice, such notice to expire on the earlier of 26 August 2011 or the close of the next Annual General Meeting of the Company, notwithstanding that any resolution proposed at such meeting is proposed as an ordinary or as a special resolution.

By order of the Board

J Collighan
Secretary
3 February 2010

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 you 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 deposited at the offices of the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 3FA, not later than 48 hours before the time appointed for the 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. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold shares in uncertificated form must be entered on the Company's share register at 10.00am on 24 February 2010 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time.
6. The register of Directors' interests in the share capital of the Company, together with the Directors' service contracts are available for inspection at the Registered Office of the Company during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until the meeting closes.
7. In order to comply with the City Code on Takeovers and Mergers Resolution 5 will be taken on a poll and each of Mr Sharples and Mr Graham has undertaken not to vote on Resolution 5.
8. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be

nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.