Embargoed until 7am 23 May 2007

2ergo Group plc

("2ergo" or "the Group")

Interim Results for the six months ending 28 February 2007

2ergo Group plc is a leading provider of interactive and multi-channel communications across mobile and fixed-line telecommunications and the Internet. Clients range from SMEs to multi-national enterprises and public sector organisations.

2ergo's services and solutions enable organisations to exploit the benefits of technology, to switch on new revenue streams, optimise business processes and open up new marketing channels. The Group is pleased to announce interim results for the six months ended 28 February 2007.

	Six months to February 2007	Six months to February 2006 (Restated)	% change
	£'000	£'000	
Turnover	**15,711**	14,719	+7%
Gross Profit	**4,059**	2,546	+59%
Operating profit	**1,108**	916	+21%
Pre-tax profit	**1,197**	952	+26%
Adjusted pre-tax profit [(1)]	**1,571**	1,108	+42%
Adjusted pre-tax profit before FRS20 charge, Proteus and Broca losses [(1)]	**2,067**	1,185	+74%
Basic earnings per share	**3.73p**	2.67p	+40%
Adjusted earnings per share [(1)]	**5.10p**	3.24p	+57%

[(1)] *figures stated pre amortisation*

- Turnover up 7% to £15.7 million (2006: £14.7 million)
- Increase in gross profit of 59% to £4 million (2006: £2.5 million), with gross margins increasing from 17% to 26%
- Adjusted pre-tax profit up 42% to £1.6 million (2006: £1.1 million)
- Underlying, like-for-like profits from continuing activities, excluding FRS20 charge, the costs associated with Broca prior to demerger and the acquisition of Proteus, up 74% to £2.1 million (2006: £1.2 million)
- Acquisition of Proteus Inc with offices in Washington, D.C. and Buenos Aires
- Successful demerger of Broca

Barry Sharples, Joint Chief Executive of 2ergo, commented: "We are pleased to announce another strong period of growth, which is demonstrated by solid financial results, the launch of further new services for clients, and superb headway in product innovation and development.

"As sectors of industry awaken to the 'Mobile Potential' we are seeing increasing opportunities to help organisations move closer to their customers. This has led to the development of new and innovative propositions that we expect to contribute to the results over the coming years, such as mobile advertising, viral marketing, user-generated mobile video and social community portals.

"As such, we believe the mobile industry will continue to be one of the fastest developing industries in the world and the Board is confident that the Group is well placed to capitalise on the opportunities that these changes will bring."

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2ergo Group plc
("2ergo" or "the Group")

Interim Results for the six months ending 28 February 2007

The first half of this year has been a period of significant investment and business change for 2ergo, resulting in a successful US acquisition and the demerger of Broca (formerly branded 2safeguard) from the 2ergo Group together with a range of new product and technology developments.

As more sectors of industry seek to exploit the potential of the mobile channel, this is translating into an increasing number of opportunities for the Group. This has led to the development of many new and innovative propositions that the Board expect to contribute to the results over the coming years, such as mobile advertising, viral marketing, user-generated mobile video and social community portals.

The Board is particularly excited by the growing international demand for 2ergo's 'total solutions services', and the launch of more, although as yet unproven, services for major media brands that include Disney, Fox and NBC-Universal in both the US and Latin American markets.

Financial Review

The first half of 2007 has seen turnover for the Group rise to almost £16 million, with an increase in gross margin as predicted, up to 26% compared to 17% for the six months to February 2006. This is in line with the Group's previously stated strategy of providing 'total solution services' and has led to an increase in gross profit of £1.5 million, a rise of 59%. Also contributing to this increase in gross margin are the results from Proteus Inc, the US subsidiary acquired by the Group in September 2006. In its position as a US market leader for mobile solutions, Proteus currently generates healthy gross margins and is well on the way to becoming an integral part of the Group.

Group operating profit for the period was £1.1 million. This has been achieved after accounting for the following:

- a charge of £181k (2006: £77k) in respect of the new FRS20 share option charge;
- a loss of £116k (2006: nil) due to non-capital sales and administrative costs in relation to Broca, prior to its demerger from the 2ergo Group; and
- losses amounting to £199k incurred in Proteus Inc since its acquisition.

Excluding the above, the 2ergo business performed well with a 60% rise in underlying operating profit to £1.6 million, compared with £1.0 million in the first half of 2006.

Profit before tax was £1.2 million, compared to £1.0 million in 2006. Adjusted (pre-amortisation) profit for the period was £1.6 million (2006: £1.1 million). When stated before the three items listed above, the underlying adjusted profit was £2.1 million (2006: £1.2 million) a rise of 74%.

In anticipation of the demerger of Broca from the 2ergo Group shortly after the period end, a significant number of share options in 2ergo were exercised by staff in order to participate in the one-for-one share structure of the demerger, and become shareholders in Broca. One result of the exercise of these options is that the Group will be able to obtain a Corporation Tax deduction in the year to 31 August 2007 for the difference between the exercise price (set pre-flotation of 2ergo) and the market value on the date of exercise. As a result, the Group's Corporation Tax charge for the full year will be significantly below that expected, at an anticipated rate of under 15%.

The balance sheet at 28 February 2007 is stated before the demerger of Broca from the Group, which was effective from 6 March 2007, and displays at a strong net asset position of £12.6 million. Cash at bank was £9.6 million, an increase of £4.7 million during the period. £1.2 million of this increase came from operating activities, a further £5.0 million was generated by the exercise of share options and the sale of shares from treasury, while there was capital expenditure of £1.5 million, including the development of the 2safeguard Intellectual Property (IP).

The results for the period have been achieved despite the significant amount of management time invested in the demerger of Broca from the 2ergo Group and its subsequent flotation on AIM which took place immediately after the period end.

As part of the demerger 2ergo has sold the 2safeguard IP to the Broca group. This sale, together with a cash subscription for Broca plc's shares (AIM:BROC) has generated an investment for 2ergo of 19.9% of the Broca share capital. This investment will be reflected in the Group's full year accounts.

Operational Review

The Group has worked on a number of new initiatives during the period. One major project has been 2ergo's success in becoming the first company to deploy the new mobile payment scheme, *Payforit*, across all UK networks.

Developed through a strategic UK cross-mobile operator initiative, *Payforit* has been introduced as a protective measure for consumers in light of the negative publicity relating to mobile phone billing. This was further heightened by recent press coverage surrounding high profile television services, which have had a wider impact on consumer confidence, affecting the industry as a whole. The full impact on the industry will be judged over the coming months. This long awaited billing solution aims to repair and overcome these concerns by standardising the way costs and the method of charging are presented to the consumer at the point of sale.

The Group has successfully achieved the status of 'Accredited Payment Intermediary' across all mobile networks during the period for the *Payforit* scheme. This 'trusted party' status and new service capability means that 2ergo is well placed to leverage significant advantages over potential competitors. The Group is now able to allow its clients to offer consumers a safe, transparent and convenient environment for M-payments regardless of which mobile operator they use.

The Group continues to be at the forefront of innovation with the development of the next generation of the Multiserve Platform. This will enable many of 2ergo's new and traditional mobile services to be offered as 'self service' solutions. These enhancements will further automate many of 2ergo's customer support and account management procedures, and in doing so, empower clients with the ability to administer many of their own services. This will help clients to reduce timeframes required to launch and deliver new services. Additionally, with integrated budget and goal planning, execution and monitoring capabilities the Multiserve Platform will provide clients with a comprehensive toolset to report and analyse return on their investments.

Last year's successful acquisition of video editing technology from VICS, the UMIST spin-out, culminated in the release of an exciting new product range for 2ergo. Branded MultimediaSuite, this modular product enables content owners and producers to simplify the entire digital content management process. This includes the provisioning of web and mobile storefronts and the production, protection and sale of content. During the period, this suite of products has provided a solid foundation for many new product innovations, including the launch of mobile advertising propositions, viral marketing, user-generated mobile video and social community portals.

The Group continues to adopt a strategy that allows it to leverage its superior technology, by focusing on the provision of complex, bespoke solutions for enterprise clients. Many of these solutions are unique, making use of specialist technologies that include natural language processing and voice recognition, and more recently, Broca's secure messaging protocol, all of which attract higher margins.

US Review

The US acquisition of Proteus, completed at the beginning of the period, is now fully integrated into the Group's operations. Proteus brought with it an established client base of major media brands, such as Disney, Fox, and NBC-Universal, providing 2ergo with a solid route into both the North and South American markets. 2ergo's technology is helping to differentiate Proteus and several clients have already signed up for new solutions. The Board believes this provides evidence that US organisations are recognising the attractiveness of the Group's offerings and the advantages for enterprises in utilising the mobile channel. The Board will continue to conservatively invest to build its US business and is confident this region will generate significant growth.

The period was marked by several main developments in terms of mobile services in the US market, including a sharp rise in the deployment of mobile internet sites for major media companies, along with a rise to prominence of interactive messaging campaigns.

As mobile handsets and networks in the US continue to improve and evolve, US media companies have begun to show an interest in mobile advertising. With a push into 'mobile advertising' and 'mobile search' by major online advertisers such as Yahoo and Google, this has driven mobile advertising into mainstream US prominence. As such mobile internet site developments have become an increasing focus for many US brands.

During the period Proteus has continued to consolidate its position in the US market, introducing many new services for new and existing clients. Extending its five year partnership with News Corp, Proteus developed a range of innovative mobile solutions for a number of FOX brands. These included the launch of a ground-breaking mobile portal for over 20 of FOX's local affiliates across the US. This mobile internet environment enables consumers to access all the information available online and on-air from their local FOX affiliate via their mobile phone.

Proteus also deployed an industry-leading mobile internet site for FOX News, bringing the US's number one news program to the mobile user. The FOX News mobile internet site is a leading example of the use of mobile advertising in the US market.

During the period Proteus also worked closely with The Walt Disney Company to deploy new services for both film and television productions. These included the launch of mobile content storefronts, selling ringtones, wallpapers and other content for over half a dozen Disney Studios releases including Apocalypto, Step Up and Wild Hogs. For ABC News, Proteus deployed a series of live SMS voting events to allow audience interaction during primetime televised programmes. In addition, Proteus extended its working relationship with Discovery Communications Inc. to develop a range of mobile initiatives including mobile alerts, sweepstakes, trivia and polling applications.

Furthermore, Proteus has entered into a partnership with THQ Wireless, a leading video and mobile game developer for popular sports brands, such as NFL and NBA, as well as top TV and entertainment franchises, including SpongeBob SquarePants, South Park and WWE, and major movie blockbusters such as Star Wars. As part of the agreement, Proteus is developing a mobile web-based storefront for content sales ranging from games to ringtones, wallpapers and video clips. To help THQ Wireless extend its reach beyond US network portals, Proteus will also be deploying a cutting edge mobile portal and a range of mobile marketing initiatives in support of this project.

Latin America Review

Proteus's increasing local presence in Latin America, with offices in Buenos Aires and Mexico City, is helping to further differentiate the company from its US competitors. During the period the Group has increased the number of direct connections it has with mobile networks in the region, a market that is growing and currently stands at over 241 million subscribers (Source: Totel Pty 2006). These include major Brazilian network operators Claro Brasil and Oi, Telcel in Mexico and full coverage for the Argentinean mobile market.

NBC Universal chose Proteus to launch its brands into the Latin American market – such as brands for blockbuster movies like Jaws and E.T., television shows House and Law & Order, and pop culture icons such as Woody Woodpecker. Following a successful project, NBC Universal is now available throughout the Mexican mobile market and is quickly expanding across the region, with upcoming launches planned for Argentina and Colombia.

Proteus continues to advance its relationship with FOX Latin American Channels (FLAC), bringing such hit shows as 24 to increasing numbers of mobile consumers across the region. Proteus and FLAC also teamed up to deliver mobile alerts and polling for FOX's coverage of Latin American sports events.

Broca

As part of 2ergo's strategy to focus on its core activities, during the period Broca (formerly branded 2safeguard) was demerged from the 2ergo Group. This has allowed the Broca directors the independence to develop the Broca business and to seek and develop opportunities that exist outside of 2ergo.

The demerger, which was structured so that shareholders in 2ergo received shares in Broca plc on a one-for-one basis, was a complex, lengthy process, which required a considerable investment of time from the 2ergo senior management. It was effected via an internal corporate reorganisation, which saw the creation of two new entities, Broca Communications Limited and Broca plc. The 2safeguard IP, which was in the latter stages of development by 2ergo, was sold to Broca Communications Limited in February 2007. Settlement of the related debt was made by the Broca Group through the issue of shares in Broca plc to 2ergo following flotation of Broca on AIM in March 2007. In addition, a further cash investment was made by 2ergo for shares in Broca, also in March 2007.

As a result of these transactions, 2ergo now holds 19.9% of the share capital of Broca plc.

The demerger also resulted in the implementation of trading and service agreements between 2ergo and Broca plc. Through the trading agreement 2ergo now acts as a reseller for the Broca technologies, creating new revenue streams for the Group.

Broca's flagship service, SAMS (Secure Advanced Message Service), is a unique and patented technology that encrypts traditional SMS messages, allowing sensitive data and content, such as card payment details, to be sent securely via the mobile network.

During the period a number of product enhancements have been initiated to embed the SAMS technology into 2ergo's business solutions portfolio. 2ergo's increasing focus on exploiting the potential of Broca's enabling technology has contributed to an increase in the number of pre-sales discussions with prospective UK clients.

The Board is encouraged by the number and scale of opportunities being generated through the partnership with Broca plc and looks forward to exploiting the synergies and complementary revenues that the SAMS technology brings to 2ergo's business solutions portfolio.

US & Latin America Outlook

Since the acquisition in September 2006 of Proteus, which was incurring significant losses, 2ergo has reshaped the business and provided direction and expertise to create a quick turnaround. The Board believes that Proteus is now ready to enhance its position in the North and South American markets and plans to make further investment in the region.

Proteus will seek to further build its position over the coming period and the Board predicts the medium term will be defined by strong growth across its business lines. Proteus will continue to develop new products and services for existing clients, as well as penetrate new clients and industry verticals.

With the combined number of mobile subscribers now totalling 461 million (source: The Mobile World 2006, Totel Pty 2006) across the US and Latin America, the Board believes the mobile channel presents media companies and major consumer brands with new opportunities to reach their customers in a highly targeted manner.

Attention on the media landscape will be strengthened by additional sales and marketing resources to capitalise on what is a burgeoning section of the mobile market. Proteus will also seek to introduce new services to non-media organisations, extending its relationship with clients in the financial services sector and potentially expanding into other business-to-business activities.

Focus over the coming months will be to further productise Proteus' offerings to enable higher margin sales and quicker time to market for its clients. This initiative is well underway with the soon to be announced launch of SWIFT, Proteus proprietary mobile internet product suite.

The Group's Latin American business will continue to be a focal point for the company. Proteus expects to establish a local presence in several other Latin American countries, beginning with Brazil, and continue to expand its mobile network coverage across the region.

General Outlook

The first half of this year has been a period of significant investment and business change for 2ergo.

The Broca demerger and the Proteus acquisition are significant achievements which have brought pressures to the Group over and above those exerted by the normal operation of the core business. One challenge for the Board was to minimise the impact of these pressures on delivering the Group's results. Whilst it believes trade has been largely unaffected, as demonstrated by these results, growth for the third quarter of the current financial year has slowed slightly which the Board believes could be attributed to these additional pressures.

However, the Board is confident that these achievements are in the best interests of the Group, and in the medium to long term will further strengthen 2ergo's position to exploit the expanding and evolving global market for convergent mobile communications.

Going forward, the Directors believe that the Group will enjoy strong benefits from the trading arrangements it has with Broca. These arrangements should lead to new revenue streams within the Group, and new opportunities to generate higher margin profits both in Europe and in the US, in line with the Group's proven strategy of providing 'total solution services'. In addition, 2ergo will benefit from its shareholding within Broca. This 19.9% investment was, at close of trading on 22 May 2007, valued at £ 6.5 million.

Another major change to the Group was the acquisition at the start of the period of Proteus Inc, to capitalise on the rapid growth expected within the US mobile market. Proteus had been incurring significant losses for the past few years, and the challenge for 2ergo was to successfully integrate Proteus into the Group from a technical and operational perspective, whilst also stemming losses. The Board is pleased with the progress made in this area, the losses incurred in the first half of this financial year being significantly lower than those prior to the acquisition and with continued investment expects Proteus to significantly contribute to the Group's medium term profits.

Whilst all industry statistics point to an expected significant growth of the US market, it still lacks traction. This is due, in no small part, to the barriers created by the US mobile networks, mirroring the position of the UK mobile market several years ago. Signs are now showing that these barriers are starting to alleviate, giving confidence to the Board that this market is poised for significant growth.

The Board looks forward to a period of consolidation following these significant changes. The Group's new business pipeline remains healthy in Europe, the US and Latin America, and 2ergo continues to enjoy the benefits of strong customer loyalty.

The Board has an ongoing acquisition strategy and will continue to drive innovation in line with an aggressive research and development plan. Coupled with this, the Board believes that the mobile market in particular is entering its next development phase and expects some of the richer services now available to begin to gain momentum. Once they do, the Board predicts the market will grow even more rapidly.

-Ends-

2ergo Group plc

Consolidated Profit and Loss Account
For the six months ended 28 February 2007

	Notes	**Unaudited 6 months to 28 February 2007 £'000**	Restated Unaudited 6 months to 28 February 2006 £'000	Restated Audited Year to 31 August 2006 £'000
Turnover				
Continuing operations		**15,179**	14,719	29,515
Acquisitions	2	**532**	-	-
		15,711	14,719	29,515
Cost of sales		**(11,652)**	(12,173)	(23,588)
Gross profit		**4,059**	2,546	5,927
Operating expenses		**(2,951)**	(1,630)	(3,699)
Operating profit before FRS 20 share option charge		**1,289**	993	2,400
FRS 20 share option charge	3	**(181)**	(77)	(172)
Operating profit				
Continuing operations		**1,307**	916	2,228
Acquisitions	2	**(199)**	-	-
		1,108	916	2,228
Finance charges (net)		**89**	36	92
Profit on ordinary activities before taxation		**1,197**	952	2,320
Tax on profit on ordinary activities	4	**(180)**	(233)	(483)
Retained profit for the period		**1,017**	719	1,837
Earnings per ordinary share:				
Basic	5	**3.73 p**	2.67 p	6.81 p
Diluted	5	**3.64 p**	2.59 p	6.62 p

2ergo Group plc

Consolidated Statement of Total Recognised Gains and Losses
For the six months ended 28 February 2007

	Notes	**Unaudited 6 months to 28 February 2007 £'000**	Restated Unaudited 6 months to 28 February 2006 £'000	Restated Audited Year to 31 August 2006 £'000
Profit for the financial period		**1,017**	719	1,837
Prior period adjustment – FRS 20 share option charge	3	(279)	-	-
Prior period adjustment – Deferred tax effect of FRS 20 share option charge	3	84	-	-
Total recognised gains and losses for the period		**822**	719	1,837

2ergo Group plc

Consolidated Balance Sheet
As at 28 February 2007

	Unaudited 28 February 2007 £'000	Restated Unaudited 28 February 2006 £'000	Restated Audited 31 August 2006 £'000
Fixed assets			
Intangible assets	**4,492**	1,335	3,413
Tangible assets	**239**	223	234
	4,731	1,558	3,647
Current assets			
Stock	**51**	52	51
Debtors	**5,349**	6,353	4,923
Cash at bank and in hand	**9,598**	3,254	4,857
	14,998	9,659	9,831
Creditors: amounts falling due within one year	**(7,052)**	(5,991)	(6,986)
Net current assets	**7,946**	3,668	2,845
Total assets less current liabilities	**12,677**	5,226	6,492
Provisions for liabilities and charges	**(32)**	-	(91)
Net assets	**12,645**	5,226	6,401
Capital and reserves			
Called up share capital	**301**	299	299
Share premium account	**7,141**	3,800	4,147
Merger reserve	**1,512**	1,512	1,512
Other reserve	**(413)**	(657)	(536)
Profit and loss account	**3,656**	88	700
Share option reserve	**448**	184	279
Shareholders' funds	**12,645**	5,226	6,401

2ergo Group plc

Consolidated Cash Flow Statement
For the six months ended 28 February 2007

	Unaudited 6 months to 28 February 2007 £'000	Unaudited 6 months to 28 February 2006 £'000	Audited Year to 31 August 2006 £'000
Net cash inflow from operating activities	**1,253**	1,628	4,152
Returns on investments and servicing of finance			
Interest received	**89**	36	92
Taxation	**(140)**	-	(639)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	**(54)**	(40)	(89)
Payments to acquire intangible fixed assets	**(1,342)**	(247)	(1,407)
Purchase of subsidiary undertaking	**(111)**	-	-
	(1,507)	(287)	(1,496)
Net cash (outflow)/inflow before financing	**(305)**	1,377	2,109
Financing			
Net proceeds from share issue/issue of options	**348**	1,429	1,429
Purchase of own shares held in treasury	**-**	(704)	(710)
Net proceeds from sale of shares/exercise of options from treasury	**4,575**	-	756
Proceeds from exercise of options over shares held in EBT	**123**	-	121
Capital element of finance lease payments	**-**	(18)	(18)
	5,046	707	1,578
Increase in cash	**4,741**	2,084	3,687

2ergo Group plc

Notes to the Interim Statement

1. Basis of Preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the financial statements of 2ergo Group plc for the year ended 31 August 2006, except for the impact of the introduction of FRS 20, the details of which are set out in note 4 below.

The financial information contained in these statements does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The accounts for the year ended 31 August 2006 received an unqualified audit report and have been filed with the Registrar of Companies.

2. Acquisitions

Acquisitions relate to the purchase of Proteus Inc by the Group during the period.

3. FRS 20 - Share Based Payments

The Group has adopted FRS 20 Share Based Payments in the current period. FRS 20 requires the recognition of a charge for share based payment transactions which include share options. The adoption of FRS 20 also requires a prior period adjustment to be made. This has created a share option reserve at 28 February 2007 of £448,000 (after the impact of the exercise of share options during the period) and reduced the profit and loss account reserve by £448,000. Of this amount £181,000 related to the six months ended 28 February 2007 and £172,000 related to the year ended 31 August 2006 of which £77,000 related to the six months ended 28 February 2006.

In accordance with applicable accounting standards a deferred tax asset has been recognised at each of the balance sheet dates as a result of the adoption of FRS 20 representing an estimate of the future tax relief available when the share options are exercised. This has increased the profit and loss account reserve by £138,000. Of this amount £54,000 related to the six months ended 28 February 2007 and £51,000 related to the year ended 31 August 2006 of which £23,000 related to the six months ended 28 February 2006.

4. Taxation

The tax charge accrued in these interim financial statements reflects an estimated tax rate of 15% for the period to 28 February 2007, which is the anticipated effective composite rate for the current financial year.

5. Earnings per share

Basic earnings per share have been calculated by dividing the profit after taxation in the period by 27,276,394 shares (2006:26,965,089 shares), being the weighted average number of shares in issue. The diluted earnings per share have been calculated on a weighted average number of shares of 27,941,091 (2006: 27,741,047).

2ergo Group plc

Notes to the Interim Statement (continued)

6. Reconciliation of operating profit to net cash inflow from operating activities

	Unaudited 6 months to 28 February 2007 £'000	Restated Unaudited 6 months to 28 February 2006 £'000	Restated Audited Year to 31 August 2006 £'000
Operating profit	**1,108**	916	2,228
Depreciation charge	**49**	32	69
Amortisation charge	**374**	156	422
FRS 20 share option charge	**181**	77	172
Decrease in stock	**-**	2	3
Increase in debtors	**(426)**	(559)	(71)
Decrease in creditors	**(33)**	1,004	1,329
Net cash inflow from operating activities	**1,253**	1,628	4,152

7. Analysis and reconciliation of net funds

	1 September 2006 £'000	Cash Flow £'000	**28 February 2007 £'000**
Cash at bank and in hand	4,857	4,741	**9,598**