

CHAIRMAN'S OFFICE

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24 October 2011

Dear Shareholder

ANNUAL GENERAL MEETING

I am pleased to enclose the Annual Report of Matchtech Group plc, our sixth as an AIM listed company. I am also pleased to send you details about the Annual General Meeting (AGM) of Matchtech Group plc (Company) to be held at The Solent Hotel, Rookery Avenue, Whiteley, Fareham, Hampshire, PO15 7AJ on 18th November 2011. The meeting will start at 12.00pm. The formal notice of the AGM is attached.

BUSINESS TO BE CONSIDERED AT THE AGM

The AGM will cover the matters considered at items 1 to 15 of the Notice. As you will see from the Notice shareholders are also being asked to vote on the matters below and I am writing to you to explain their purpose.

- 1 Company's annual accounts for the financial year ended 31st July 2011**
The Company's annual accounts for the financial year ended 31st July 2011 together with the directors' report and auditors' report on those accounts (which are enclosed with this letter) will be presented to the meeting.
- 2 Dividend**
Shareholders will be asked to approve the final dividend payable for each ordinary share held. The final dividend which will be paid on 2nd December 2011 cannot be more than the amount the directors recommend. The final dividend recommended by the directors and proposed in this resolution is 10.6 pence per ordinary share and is in addition to the interim dividend of 5.0 pence per ordinary share, making a total of 15.6 pence for the year for each ordinary share held.
- 3-8 Re-electing all executive and non-executive directors voluntarily retiring on an annual basis (resolutions 3, 4, 5, 6, 7 and 8)**
The Company's articles of association require that all those non-executive directors who have been in office for three years or more since their election or last re-election must retire at each AGM. As a Board, in line with corporate governance best practice, all Executive and Non-Executive Directors have agreed to retire annually at the AGM and seek re-election. The directors listed in the Notice have confirmed they will stand for re-election. As Group Chairman, I am satisfied that all the directors seeking re-election continue to perform effectively in promoting the success of the Company.
- 9 Re-election of director appointed since last AGM (resolution 9)**
The Company's articles of association require that all directors appointed by the board will retire and be eligible for re-election at the next AGM of the Company. Richard Bradford was appointed by the directors since the last AGM and accordingly offers himself for re-election. As Group Chairman, I am satisfied that Richard continues to perform effectively in promoting the success of the Company.
- 10-11 Auditors (resolutions 10 and 11)**
Shareholders have to appoint or re-appoint auditors at every general meeting at which accounts are presented to shareholders. The directors recommend that the shareholders re-appoint KPMG Audit Plc as auditors to the Company until the conclusion of the next annual general meeting at which accounts are laid before shareholders. It is also proposed to grant the directors authority to agree the auditors' fees.
- 12 Allotment of unissued share capital (resolution 12)**
Resolution 12 will be proposed to grant the directors limited authority to exercise the powers of the Company to allot shares.
- 13 New Executive Incentive – The Matchtech Group plc 2011 Value Creation Plan (the "VCP") (resolution 13)**
The Board and Remuneration Committee are of the opinion that it is critically important that management are appropriately incentivised to focus on the strategic growth of the Company, thereby driving value for shareholders. The Company has ambitious growth plans. The purpose of this new incentive is to support the repositioned business strategy and ensure that key executives are appropriately retained and rewarded for executing this strategy and delivering value for shareholders.

The VCP will focus the CEO and other members of the management team on delivering significant returns on shareholders' equity and provide a meaningful reward if these targets are achieved.

In particular, the Board and the Remuneration Committee believe the VCP addresses the following issues:

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- a structure that incorporates an industry competitive long-term incentive plan linked to the creation of shareholder value to incentivise the management team;
- as the Company has repositioned the business strategy to achieve ambitious growth, there is a need for the introduction of a high level incentive plan, in the form of the VCP, which will give the current and future members of the management team, who are critical to driving the Company's value, the opportunity to earn significant rewards for generating substantial returns to shareholders. As such the VCP will align the interests of shareholders and the management team;
- a structure that focuses the management team on the key corporate metrics which drive shareholder value; and
- the performance targets of the VCP are based around the growth in share price and dividends, and management will receive a percentage of that growth. Therefore the benefit to management is directly correlated with the benefit to shareholders.

Full details of the terms and conditions applying to the above arrangements are set out in the Chairman of the Remuneration Committee's Letter and attached Appendices.

Copies of the rules of the VCP are available for inspection at the registered office of the Company, 1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF, any time during normal business hours on weekdays (excluding public holidays) from the date of this Notice and up to and including the day of the General Meeting and at the place of the General Meeting for at least 15 minutes prior to and during the Meeting.

Shareholder approval has been requested for the adoption of the rules of the VCP. The details of the principal terms and conditions of the Plan are set out in the attached Letter from the Chairman of the Remuneration Committee and the Appendices to this Letter, but in essence the VCP will grant a conditional award of shares as part of an annual grant policy. The passing of this resolution will signify that shareholders approve the rules of the VCP and will grant the directors the authority to carry out all acts and things which are considered necessary or expedient to ensure the VCP is brought into effect.

14 Allotment of unissued share capital (resolution 14)

Resolution 14 will be proposed to confer on the directors' restricted power to allot shares wholly for cash notwithstanding statutory provisions giving pre-emptive rights to existing shareholders pro-rata to their existing shareholding.

15 Approval of market purchases of ordinary shares (resolution 15)

In certain circumstances it may be advantageous for the Company to purchase its own shares. Resolution 15, which will be proposed as a special resolution, approves the purchase by the Company of up to 2,339,501 ordinary shares at a minimum price of £0.01 and a maximum price not exceeding 105% of the average middle market quotation as derived from the AIM appendix to the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date on which the shares are contracted to be purchased.

The directors intend to use this authority only after careful consideration, taking into account prevailing market conditions and the overall position of the Company. The directors will only purchase such shares after taking into account the effects on earnings per share, underlying business performance and whether any such purchase is in the best interests of shareholders.

WHAT TO DO NEXT

Following this letter is the Notice together with a form of proxy. You are requested to complete, sign and return the form of proxy to indicate whether or not you intend to be present at the AGM as soon as possible and, in any event, so as to reach the Company's Registrar by 12pm on 16 November 2011. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

RECOMMENDATION

The directors consider the above proposals to be in the best interests of the Company and its shareholders and recommend shareholders to vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully



George Materna

Chairman

Notice of Annual General Meeting

Matchtech Group plc. Registered in England and Wales under registered number 4426322

NOTICE IS HEREBY GIVEN that the annual general meeting (the Meeting) of Matchtech Group plc (Company) will be held at The Solent Hotel, Rookery Avenue, Whiteley, Fareham, Hampshire PO15 7AJ on 18 November 2011 at 12 pm for the following purposes:

Ordinary business

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

- 1) to receive and adopt the Company's annual accounts for the financial year ended 31 July 2011 together with the Directors' Report and Auditors' Report on those accounts.
- 2) to declare a final dividend of 10.6p per share for the year ended 31 July 2011 payable on 2 December 2011 to shareholders who are on the register of members of the Company on 4 November 2011.
- 3) to re-elect George Materna who is retiring from office by rotation as director of the Company.
- 4) to re-elect Adrian Gunn who is retiring from office by rotation as director of the Company.
- 5) to re-elect Tony Dyer who is retiring from office by rotation as director of the Company.
- 6) to re-elect Ric Piper who is retiring from office by rotation as director of the Company.
- 7) to re-elect Stephen Burke who is retiring from office by rotation as director of the Company.
- 8) to re-elect Andrew White who is retiring from office by rotation as director of the Company.
- 9) to elect Richard Bradford as a director of the Company, who having been appointed since the last Annual General Meeting offers himself for election in accordance with the Company's Articles of Association.
- 10) to reappoint KPMG Audit Plc as auditors who hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company in general meeting.
- 11) to authorise the directors to determine the remuneration of the auditors..

Special Business

To consider and if thought fit, to pass, the following resolutions, of which 12 and 13 will be proposed as ordinary resolutions and 14 and 15 will be proposed as special resolutions.

- 12) that in substitution of all existing powers the directors are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (Act) to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (such shares and rights to subscribe for or to convert any security into shares of the Company being "**relevant securities**") up to the aggregate nominal amount of £77,983. [Note: This figure should not be any higher than 33 1/3 % of the issued ordinary share capital (excluding treasury shares of the Company – based on the figures from the AIM Rule 26 page on the Company's website, the issued share capital at 5 October 2011 (the most recent figures available) show that there were 23,395,015 ordinary shares of 1 pence each in issue with no treasury shares. 33 1/3% of this is around £77,983]. The authority hereby conferred shall expire, unless previously varied, renewed or revoked by the Company in general meeting, on the date of the Company's next annual general meeting or 18 months after the passing of this resolution, whichever occurs first, provided that the Company may, prior to such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry in which case the directors may allot such securities pursuant to such offer or agreement as if such authority had not expired.
- 13) that the rules of the Matchtech Group plc 2011 Value Creation Plan (the "VCP"), the principal terms of which are summarised in the Circular to shareholders set out below and the rules of which are produced to the Meeting and initialled by the Chairman for the purpose of identification, be and are hereby approved and that the directors be authorised to do all acts and things which they may consider necessary or expedient to carry the VCP into effect.
- 14) that subject to the passing of resolution 12 set out in the notice convening this annual general meeting and in substitution of all existing powers the directors are hereby empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment provided that:
 - (a) the power conferred hereby shall expire on the date of the next annual general meeting of the Company or 18 months after the passing of this resolution, whichever occurs first unless renewed, extended, varied or revoked by the Company in general meeting;
 - (b) 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 as if the power conferred hereby had not expired; and
 - (c) is limited to:
 - (i) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the Company's capital in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities representing fractional

entitlements and/or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;

- (ii) the allotment of equity securities pursuant to the terms of The Matchtech Group plc 2006 Long Term Incentive Plan and The Matchtech Group plc Share Incentive Plan or any other employees' share option scheme approved by the members in general meeting;
- (iii) allotments of equity securities for cash otherwise than pursuant to paragraph (c) (i) above up to an aggregate nominal amount of £11,697.

15) that the Company be generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (as defined in Section 693(4) of that Act) of ordinary shares of the Company provided that:

- a) the maximum aggregate number of aggregate ordinary shares which may be purchased is 2,339,501;
- b) the minimum price which may be paid for each ordinary share is £0.01;
 - i) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 105% of the average middle market quotations for an ordinary share as derived from the AIM appendix to the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the share is contracted to be purchased; and
- c) this authority shall expire at the conclusion of the annual general meeting of the Company or 18 months after the passing of this resolution, whichever occurs first, unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).

By order of the Board

Tony Dyer - Chief Financial Officer
24 October 2011

Notes:

Matchtech Group plc
Registered in England and Wales under registered number 4426322

1. Pursuant to Part 13 of the Companies Act 2006 and to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 12.00 p.m. on 16 November (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
2. Should you wish to attend the AGM in person, you may be asked to provide proof of your identity and to allow security staff to be search bags or packages that you wish to bring into the meeting. We recommend that you arrive in good time to allow for these procedures. In order to speed up admission, we would ask that you do not bring suitcases or large bags, cameras, laptop computers or tape recorders to the venue. You may not be allowed to bring into the meeting recording equipment, cameras, mobile telephones or any other inappropriate item which may interfere with the good order of the meeting (storage and cloakroom facilities will be provided).
3. A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
4. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, of 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 12.00 p.m. on 16 November 2011.
5. The notes to the proxy form include instructions on how to appoint a proxy by using the CREST proxy appointment service.
You may not use any electronic address provided either in this Notice of AGM or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
6. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
7. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: Either by the appointment of a proxy (described in Notes 3 to 5 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
8. Members attending the AGM have the right to ask any questions relating to the business being dealt with at the AGM.
9. As at 12 p.m. on 5 October 2011, the Company's issued share capital comprised 23,395,015 ordinary shares of 1p nominal value each. Each ordinary share carries the right to one vote at a general meeting of the Company. No ordinary shares were held in treasury and accordingly the total number of voting rights in the Company as at 12 p.m. on 5 October 2011 is 23,395,015.
10. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 11.45 a.m. on the day of the AGM until its conclusion:
 - (a) Copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the non-executive directors.
 - (b) A copy of the Rules of the VCP.

Notes to the Proxy form

1. As a member of the Company you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution select the relevant vote withheld box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the annual general meeting.
5. To be effective, this form of proxy, duly completed, together with any power of attorney under which it is executed or a notarially certified copy of it (failing previous registration with the Company), must be lodged with the Company's Registrar, Capita Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU to arrive not later than 12 noon on 16 November 2011. Alternatively, a CREST member may appoint a proxy or proxies by using the CREST electronic proxy appointment service, by following the procedure set out in Note 14 below. You can only appoint a proxy using the procedure set out in these Notes and in the notes to the Notice.
6. An individual member or attorney must sign this form. In the case of a member which is a company, this form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.
7. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any of the joint holders. For these purposes, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another form of proxy, please contact the Company's Registrar, Capita Registrars, at 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar, Capita Registrars, at 34 Beckenham Road, Beckenham, Kent, BR3 4TU to arrive not later than 12 noon on 16 November 2011.
11. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation. Any power of attorney or any such authority under which the revocation notice is signed or a notarially certified copy of it (failing previous registration with the Company) must be included with the revocation notice.
12. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
13. Except as provided above, members who have general queries about the meeting should write to Capita Registrars at Northern 34 Beckenham Road, Beckenham, Kent, BR3 4TU, telephone 0871 664 0300 (Calls cost 10p per minute plus network extras. Lines are open from 9am to 5.30pm, Monday to Friday), or email ssd@capitaregistrars.com. No other means of communication will be accepted.
You may not use the electronic address provided either:
 - a) in the Notice of annual general meeting; or
 - b) any related documents (including the Chairman's letter and form of proxy),to communicate with the Company for any purposes other than those expressly stated.
14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Capita Registrars (CREST participant ID: RA10 by the latest time(s) for receipt of proxy appointments specified in Note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by

enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual (available at www.euroclear.com/CREST) concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

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LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE - MATCHTECH GROUP PLC

To the holders of Ordinary shares in the Company and to option holders for information only.

24 October 2011

Dear Shareholder

The Chairman's Letter sets out the objectives of the Matchtech Group plc 2011 Value Creation Plan (the "VCP"). This Letter and attached Appendices provides the following additional information:-

- a summary of the factors taken into account in the design of the VCP and its principle terms and conditions;
- Appendix 1 – which sets out a legal summary of the VCP; and
- Appendix 2 – which sets out illustrative cost and benefit modelling for the VCP for different scenarios.

Matchtech Group plc 2011 Value Creation Plan (VCP)

The following factors have been taken into account by the Remuneration Committee in designing the VCP:-

- executives should be focussed on the key corporate metrics which should flow through to shareholder value creation over both the short and long-term;
- individuals share in an appropriate proportion of the value created for shareholders, with a cap on the number of shares awarded but not on the value to which those shares may grow;
- the base point for the share price growth targets will be the lower of £2.14 and the average share price of the Company over the 30 day period commencing on the announcement of the Company's preliminary results for 2011;
- the VCP will not replace any future LTIP grants, which will continue to be made under the existing Plan;
- there should be a strong alignment between the interests of shareholders and executives;
- the main participants will be main Board directors of the holding company and the next tier of executive directors. The tier below that may be allowed to participate, at a much lower level, from Year Three, but this is not guaranteed and will require a sustained high level of individual performance to be considered;
- growth in value due to acquisitions of other businesses should only count towards growth in the VCP if the earnings prove to be sustainable over time;
- the VCP should be transparent and easily understood by participants, the Company and its shareholders; and
- the VCP should be affordable in terms of the charge to the P&L and dilution.

Yours faithfully,

Stephen Burke

Chairman of the Remuneration Committee

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w: www.matchtechgroupplc.com**APPENDIX 1
MATCHTECH GROUP PLC 2011 VALUE CREATION PLAN (THE "VCP") TERMS AND CONDITIONS****Principal Terms**

Feature of the Plan	Detail										
Type of Incentive	Participants in the VCP will be granted a number of VCP units from a total pot. At each Measurement Date the participant will receive a number of nil-cost options. The options can only be exercised 50% on the fifth Measurement Date and 50% on 1st anniversary of this Date.										
Participation	It is the current intention that only executive directors and other senior executives will participate in the VCP. The percentage of VCP units to be allocated are set out in the following table:- <table border="1"> <thead> <tr> <th>Executive</th> <th>%age of VCP units</th> </tr> </thead> <tbody> <tr> <td>Chief Executive</td> <td>26.6%</td> </tr> <tr> <td>Chief Financial Officer</td> <td>14.5%</td> </tr> <tr> <td>Other Senior Executives (4)</td> <td>41.1%</td> </tr> <tr> <td>Unallocated</td> <td>17.8%</td> </tr> </tbody> </table>	Executive	%age of VCP units	Chief Executive	26.6%	Chief Financial Officer	14.5%	Other Senior Executives (4)	41.1%	Unallocated	17.8%
Executive	%age of VCP units										
Chief Executive	26.6%										
Chief Financial Officer	14.5%										
Other Senior Executives (4)	41.1%										
Unallocated	17.8%										
Performance Period	5 Years, but paid out over 6 years.										
Performance Conditions	<p>The performance condition is linked to the value created for shareholders in excess of a Threshold Price at each measurement date.</p> <p>First Measurement Date The Threshold Price for the first Measurement Date will be the lower of:-</p> <ul style="list-style-type: none"> £2.14; and the average share price of the Company over the 30 day period commencing on the announcement of the Company's preliminary results for 2011; increased by 20%. <p>For example if the starting price is £2.14, the Threshold Price would be £2.568 (£2.14+20%) at the first Measurement Date. It should be noted that the Remuneration Committee has discretion only to increase the share price used if it feels that the starting point would otherwise be inequitable to shareholders.</p> <p>Subsequent Measurement Dates The Threshold price will be the higher of either;</p> <ul style="list-style-type: none"> the actual share price at the previous Measurement Date; and 20% growth over the Threshold Price from the previous Measurement Date. <p>The percentage of value created that will be allocated to the VCP participants at each Measurement Date is set out as follows:-</p> <table border="1"> <tbody> <tr> <td>Below Threshold Price</td> <td>0%</td> </tr> <tr> <td>Equal to or above Threshold Price</td> <td>7.5%</td> </tr> </tbody> </table> <p>The rationale behind the selection of an absolute total shareholder return target as a performance measure is:-</p> <ul style="list-style-type: none"> the Board and Remuneration Committee considers that share price growth and dividends is a transparent measure of the Company's performance at this time; and total shareholder return growth targets ensure that executives only derive value from the VCP where significant value is generated for shareholders. 	Below Threshold Price	0%	Equal to or above Threshold Price	7.5%						
Below Threshold Price	0%										
Equal to or above Threshold Price	7.5%										
Feature of the Plan	Detail										
Dividends	Dividends and dividend equivalents will not be paid on banked shares. Once shares have fully vested participants will receive dividends as normal shareholders.										
Maximum participation	Awards will be capped at 3.15 million shares put under option (whether new issue or market purchased).										
Corporate Dilution Limits	Standard ABI Dilution Limits.										
Cessation of Employment	Where a participant ceases to be employed prior to the awards becoming exercisable all awards will lapse (including banked shares).										

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	<p>However, the Remuneration Committee will have discretion, if it decides it is appropriate to allow some or all of the awards to vest by deeming there to be:</p> <ul style="list-style-type: none">• a new Measurement Date at the date of cessation and the number of shares to be banked will calculated as at any other Measurement Date; or• the nearest normal Measurement Date to the date of cessation of employment can be used. <p>All banked shares will then vest and the nil cost options immediately exercisable for a period of six months from the date of cessation.</p>
Change of Control	<p>On a change of control there will be a new Measurement Date deemed to be the date of the change of control. In determining the value created, the measurement price will be the offer price for the Company's shares. The calculation of the number of Company shares to be allocated to a participant will be as at any other Measurement Date. All banked shares will vest on a change of control and the nil cost options exercisable immediately for a set period of up to six months.</p>
Variation in Capital (Adjustments and Amendments)	<p>If there is a variation of the share capital of the Company (for example a rights issue, subdivision, consolidation, re-listing) which causes the Remuneration Committee to consider that the Threshold Price has become unfair or impractical, it may, in its discretion (provided that such discretion is exercised fairly and reasonably) amend the Threshold Price. Unless the Remuneration Committee decides otherwise there will be no adjustment to the Threshold Price as a result of the issue of shares in consideration for any corporate transaction.</p>

Operation

The Remuneration Committee, the members of which are non-executive directors, supervise the operation of the VCP in respect of the executives of the Company.

Eligible Employees

Any employee of the Company selected by the committee, typically the executive directors and senior executives of the Company. Non-executive directors are not eligible to participate in the VCP.

Grant of Awards

VCP awards will normally be granted to each participant within a 42 day period following the date of publication of the interim or annual results of the Company. No VCP awards will be granted during a close period. VCP awards will either be in the form of conditional grants of shares or nil cost options over ordinary shares.

Conditions Attaching to VCP Awards

VCP awards are subject to a vesting period of no less than five years from the date of grant. The vesting of VCP awards will be subject to the satisfaction of performance conditions set out in the table above.

Limits

The maximum number of shares to be used in the VCP shall be 3.15 million (whether issued or purchased in the market).

The Company may issue 10% of its shares within a ten year period to satisfy awards to participants in the VCP and any other share plan operated by the Company under which shares are issued. The Remuneration Committee will be monitoring the issue of shares during the ten year period. It should be noted that where the Company uses treasury shares to satisfy its obligations under share arrangements they shall be added to the number of shares issued for the purposes of this limit. Any share awards issued before the Company listed shall be excluded for the purposes of this limit.

Vesting of VCP Awards

VCP awards will normally vest at the end of the applicable performance period of five years, subject to the satisfaction of the performance conditions, and any other conditions, determined at the date of grant of the relevant VCP award.

50% of the awards may be exercised at the end of the performance period and 50% one year later.

The vesting of VCP awards is conditional upon the participant paying any taxes due.

Allotment and Transfer of Shares

Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the awards vest. Application will be made for the admission of the new shares to be issued to the Official List of, and to trading on, the London Stock Exchange plc's AIM market for listed securities following the vesting and/ or exercise of a VCP award.

Cessation of Employment

If a participant leaves employment prior to the expiry of the vesting period then the VCP award will normally lapse unless the Remuneration Committee exercises its discretion to allow some or all of the award to vest as set out in the table above.

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Change of Control

On a change of control there will be a new Measurement Date deemed to be the date of the change of control. In determining the value created, the measurement price will be the offer price for the Company's shares. The calculation of the number of Company shares to be allocated to a participant will be as at any other Measurement Date. All banked shares will vest on a change of control and the nil cost options exercisable immediately for a set period of up to six months.

Adjustment of Awards

On a variation of the capital of the Company, the number of shares subject to a VCP award may be adjusted in such manner as the committee determines and the advisors of the Company confirm to be fair and reasonable.

Duration

The Remuneration Committee may not grant awards under the VCP more than five years after its approval unless the VCP is extended pursuant to shareholder authority for a further period of up to five years.

Amendments

Amendments to the rules of the VCP may be made at the discretion of the Committee. However, the provisions governing eligibility requirements, equity dilution, share utilisation and individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital together with the limitations on the number of shares that may be issued cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the VCP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the group. However, participants should be notified of any amendment which would materially detrimentally affect their existing rights and such amendments must be approved by the majority of participants notified.

Subject to the safeguards noted above, the Remuneration Committee may amend the VCP (including by the addition of one or more sub-plans relating to shares in a group company) in such manner as may be necessary to obtain approval of the VCP (or one or more sub-plans) by HM Revenue & Customs as a company share option plan under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 or otherwise improve the tax efficiency of the VCP for the Company and/or the participants.

In addition, the Remuneration Committee may add to, vary or amend the rules of the VCP by way of a separate schedule in order that the VCP may operate to take account of local legislative and regulatory treatment for participants or the relevant group company, provided that the parameters of these arrangements will provide no greater benefits than the rules of the VCP as summarised above.

General

Shares acquired, VCP awards and any other rights granted pursuant to the VCP are non-pensionable.

Non-Transferability of VCP Awards

VCP awards are not transferable except in the case of a participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the participant or by will or the laws of descent and distribution.

Employee Benefit Trust

The Company intends to establish or utilise an existing discretionary employee benefit trust to be used in conjunction with the VCP (the "Employee Trust"). The Employee Trust will be established as an employees' share scheme within the meaning of section 1166 of the Companies Act 2006 and will have full discretion with regard to the application of the trust fund (subject to recommendations from the Remuneration Committee). The Company will be able to fund the Employee Trust to acquire shares in the market and/or to subscribe for shares at nominal value in order to satisfy awards granted under the VCP. Any shares issued to the Employee Trust in order to satisfy awards of shares will be treated as counting towards the dilution limits that apply to the VCP. For the avoidance of doubt, any shares acquired by the Employee Trust in the market will not count towards these limits. In addition, unless prior shareholders' approval is obtained, the Employee Trust will not hold more than 5% of the issued share capital of the Company at any one time (other than for the purposes of satisfying awards of shares that it has granted).

Note: This Appendix 1 summarises the main features of the VCP but does not form part of it and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules. Copies of the rules will be available for inspection at the registered office of the Company, 1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF, during usual office hours (Saturdays, Sundays and statutory holidays excepted) from the date of despatch of the Chairman's letter up to and including the date of the General Meeting and at the meeting itself. The directors reserve the right, up to the time of the meeting, to make such amendments and additions to the rules of the VCP as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix 1.

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APPENDIX 2 MATCHTECH GROUP PLC 2011 VALUE CREATION PLAN (THE "VCP") ILLUSTRATIVE MODELLING

This Appendix 2 contains full cost and benefit modelling for the VCP. The modelling is purely illustrative to demonstrate the potential operation of the VCP.

The tables in this Appendix 2 show for the modelled assumptions:-

- the expected benefit of the VCP;
- the potential value of the award to participants in the VCP; and
- the potential charge to the P&L of granting units under the VCP.

Corporate Inputs

The following table sets out the corporate and VCP inputs modelled in this Appendix 2:-

VCP INPUTS				
CORPORATE INPUTS				
	EXAMPLE 1	EXAMPLE 2	EXAMPLE 3	EXAMPLE 4
Initial Price (£)			£2.14	
Issued Share Capital (m)			23.96	
Initial Market Cap (£m)			£51.27	
Share Price Growth p.a.	22.9%	30.2%	36.1%	41.2%
5 Year Share Price (£)	£6.00	£8.00	£10.00	£12.00
VCP PLAN INPUTS				
Threshold Price (1st Measurement Date)			£2.568	
Threshold Rate p.a. (at each subsequent Measurement Date)			20%	
Participation Rate			7.50%	
BASIS OF PARTICIPATION				
Chief Executive Officer			26.6%	
Chief Financial Officer			14.5%	
Example Senior Executive			7.3%	
Unallocated (reserved for future awards or new joiners)			17.8%	

It should be noted that to simplify the modelling the total shareholder return solely reflects the share price growth assumptions and dividend payments have been excluded. In practice, in calculating the level of return dividends paid on shares will be included in the total shareholder return used for the VCP.

Corporate Outputs

The following table sets out corporate outputs modelled in this Appendix 2:-

VCP CORPORATE OUTPUTS				
	EXAMPLE 1	EXAMPLE 2	EXAMPLE 3	EXAMPLE 4
Initial Price (£)	£2.14	£2.14	£2.14	£2.14
5 Year Share Price (£)	£6.00	£8.00	£10.00	£12.00
5 Year Market Cap (£m)	£144	£192	£240	£287
Growth in Market Cap (£m)	£92	£140	£188	£236
Total Shareholder Return	180%	274%	367%	461%
Total Benefit to Participants (£m)	£3.70	£13.06	£20.43	£28.08
Benefit to Participants as % of Growth in Market Cap	4.0%	9.3%	10.9%	11.9%

P&L Cost

As an initial estimate the IFRS 2 P&L charge based on the above assumptions is as follows:

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IFRS 2 CHARGE	2012	2013	2014	2015	2016
Annual charge	17,235	17,235	17,235	17,235	12,166

Expected Benefit

The tables below set out the total value delivered by the VCP with the share price reaching £6, £8, £10 and £12 over the 5 year performance period:-

EXAMPLE 1	2012	2013	2014	2015	2016
Share price (£)	£2.630	£3.232	£3.972	£4.882	£6.000
Threshold Price (£)	£2.568	£3.082	£3.698	£4.438	£5.325
Banked Shares at each Measurement Date (m)	0.042	0.084	0.124	0.164	0.202
Total number of Shares (m)					0.62
Total Market Value of Shares (£m)					£3.70

EXAMPLE 2	2012	2013	2014	2015	2016
Share price (£)	£2.786	£3.626	£4.721	£6.145	£8.000
Threshold Price (£)	£2.568	£3.082	£3.698	£4.721	£6.145
Banked Shares at each Measurement Date (m)	0.140	0.270	0.389	0.417	0.417
Total number of Shares (m)					1.63
Total Market Value of Shares (£m)					£13.06

EXAMPLE 3	2012	2013	2014	2015	2016
Share price (£)	£2.913	£3.965	£5.397	£7.347	£10.000
Threshold Price (£)	£2.568	£3.082	£3.965	£5.397	£7.347
Banked Shares at each Measurement Date (m)	0.213	0.400	0.477	0.477	0.477
Total number of Shares (m)					2.04
Total Market Value of Shares (£m)					£20.43

EXAMPLE 4	2012	2013	2014	2015	2016
Share price (£)	£3.021	£4.265	£6.021	£8.500	£12.000
Threshold Price (£)	£2.568	£3.082	£4.265	£6.021	£8.500
Banked Shares at each Measurement Date (m)	0.269	0.499	0.524	0.524	0.524
Total number of Shares (m)					2.34
Total Market Value of Shares (£m)					£28.08

Individual Benefit Summaries

VCP INDIVIDUAL GAINS (£m)				
	EXAMPLE 1	EXAMPLE 2	EXAMPLE 3	EXAMPLE 4
Chief Executive Officer	£0.983	£3.475	£5.436	£7.470
Chief Financial Officer	£0.536	£1.895	£2.965	£4.075
Example Senior Executive	£0.268	£0.947	£1.482	£2.036
Unallocated (reserved for future awards or new joiners)	£0.658	£2.324	£3.635	£4.996
Total Benefits to participants	£3.696	£13.063	£20.435	£28.083