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Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM on 20 March 2013.

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CORERO NETWORK SECURITY PLC

(incorporated and registered in England and Wales with registered no: 02662978)

Placing and Subscription of up to 27,000,004 new Ordinary Shares at 15p per Ordinary Share

Approval of waiver of Rule 9 of the Takeover Code

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Corero Network Security plc set out in this document which includes a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Corero Network Security plc, to be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ at 9.30 a.m. on 19 March 2013, is set out at the end of this document. The Form of Proxy for use at the General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach the Company’s registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, not later than 9.30 a.m. on 15 March 2013. Completion of a Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the Fundraising and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, or finnCap or their respective directors.

This document is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose.

This document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States nor do they qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Ordinary Shares may not, directly or indirectly, be offered, sold or taken up, delivered or transferred in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document has come should inform themselves and observe any restrictions as to the Fundraising or the distribution of this document.

Forward-Looking Statements

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "predict" or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding or which make assumptions in respect of the planned use of the proceeds for the Fundraising, the Group's liquidity position, the future performance of the Company and/or its subsidiary undertakings, future foreign exchange rates, interest rates and currency controls, the Group's future financial position, plans and objectives for future operations and any other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals, and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgement at the date of this document and are not intended to give any assurance as to future results. Except as required by the FSA, the London Stock Exchange, the AIM Rules or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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FUNDRAISING STATISTICS

Number of Existing Shares	58,637,412
Number of Placing Shares to be issued pursuant to the Placing**	8,133,337
Number of Subscription Shares to be issued pursuant to the Subscription	18,866,667
Number of New Ordinary Shares to be issued pursuant to the Fundraising	27,000,004
Number of Ordinary Shares in issue immediately following Admission*	85,637,416
Issue Price in respect of the New Ordinary Shares	15p
Estimated net proceeds of the Fundraising receivable by the Company**	£3.875 million
Number of New Ordinary Shares as a percentage of the Enlarged Issued Share Capital*	31.53 per cent.
Market capitalisation of the Company at Admission at the Issue Price*	£12.84 million

* Assumes no further Ordinary Shares are issued following the date of this document and assumes that the Fundraising is fully subscribed.

** Assumes that the Fundraising is fully subscribed.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	25 February 2013
Latest time and date for receipt of Forms of Proxy for the General Meeting	9.30 a.m. on 15 March 2013
Date and time of General Meeting	9.30 a.m. on 19 March 2013
Admission and commencement of dealings in New Ordinary Shares	8.00 a.m. on 20 March 2013
CREST accounts credited with New Ordinary Shares (CREST shareholders only)	20 March 2013
Despatch of definitive share certificates for New Ordinary Shares (non-CREST shareholders only)	By 2 April 2013

1. *Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to holders of Ordinary Shares by announcement on a Regulatory Information Service.*
2. *All of the above times refer to London time unless otherwise stated.*
3. *Admission and dealings in the New Ordinary Shares are conditional on the passing of the Resolutions at the General Meeting.*

DEFINITIONS

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

‘Act’	the Companies Act 2006
‘Admission’	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
‘AIM’	the AIM market operated by the London Stock Exchange
‘AIM Rules’	the AIM Rules for Companies published by the London Stock Exchange from time to time
‘Board’ or ‘Directors’	the board of directors of the Company whose names appear on page 8 of this document
‘Business Day’	a day (other than a Saturday or Sunday) when banks are usually open for business in London
‘certificated’ or ‘in certificated form’	the description of a share or security which is not in uncertificated form (that is, not in CREST)
‘CNS Management Team’	the management team of Corero Network Security at the time of its acquisition by the Company being Peter Rendall, Paul Bogonis, Mike Cooper, Mike Paquette, Barry Spinney and James Williams
‘Code’	the City Code on Takeovers and Mergers
‘Company’	Corero Network Security plc, a company incorporated in England and Wales with registered number 02662978
‘Concert Party’	Jens Montanana, Andrew Miller and Stephen Turner
‘Corero Business Systems’	Corero Business Systems Limited, a Subsidiary of the Company
‘Corero Network Security’	Corero Network Security, Inc. (previously called Top Layer Networks, Inc.), a Subsidiary of the Company
‘CREST’	the relevant systems for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations
‘CREST Regulations’	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations for the time being in force
‘DPSP’	the Company’s deferred payment share plan
‘DTR’	the disclosure and transparency rules issued by the FSA as amended from time to time
‘Enlarged Issued Share Capital’	the issued ordinary share capital of the Company as it will be immediately following the Fundraising (assuming that the Fundraising is fully subscribed)
‘Existing Shares’	the 58,637,412 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM

‘finnCap’	finnCap Ltd, the Company’s nominated adviser and broker which is incorporated in England and Wales with the registered number 06198898
‘Form of Proxy’	the form of proxy for use by Shareholders in connection with the General Meeting, which is enclosed with this document
‘Fundraising’	the Placing and Subscription
‘FSA’	the UK Financial Services Authority
‘General Meeting’	the general meeting of the Company convened for 09.30 a.m. on 19 March 2013, notice of which is set out at the end of this document
‘Group’	the Company and its Subsidiaries
‘HMRC’	HM Revenue & Customs
‘IFRS’	International Financial Reporting Standards
‘Independent Director’	Andrew Lloyd, being the only director of the Company who is not participating in the Fundraising as outlined in this document
‘Independent Shareholders’	the Shareholders excluding those who are participating in the Fundraising and the members of the Concert Party
‘Issue Price’	15 pence per New Ordinary Share
‘London Stock Exchange’	London Stock Exchange plc
‘New Ordinary Shares’	the Placing Shares and Subscription Shares
‘Notice of General Meeting’	the notice of General Meeting set out at the end of this document
‘Ordinary Shares’	ordinary shares of 1 pence each in the capital of the Company
‘Panel’	the Panel on Takeovers and Mergers
‘Placing’	the placing to certain institutional and other investors of the Placing Shares at the Issue Price pursuant to the Placing Agreement
‘Placing Agreement’	the conditional agreement, dated 8 February 2013, between the Company and finnCap relating to the Placing further details of which are set out in paragraph 7.1 of Part II of this document
‘Placing Shares’	up to 8,133,337 new Ordinary Shares to be issued pursuant to the Placing
‘Principal Stockholders’	CrossHill Debt II, L.P., CrossHill Georgetown Capital L.P. and Loudwater Trust Limited
‘Prospectus Rules’	the Prospectus Rules published by the Financial Services Authority
‘Resolutions’	the resolutions to be proposed at the General Meeting and set out in the Notice of General Meeting at the end of this document
‘Rule 9 Waiver’	the waiver of the requirement for the Concert Party to make a general offer to all the Shareholders for all of the Ordinary Shares under Rule 9 of the Code as a result of certain members of the Concert Party’s participation in the Fundraising

‘Shareholder’	a holder of Existing Shares
‘Share Options’	the 1,099,000 existing options of the Concert Party over Ordinary Shares as at the date of this document, including a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the Company’s employee share trust pursuant to the DPSP
‘Subscribers’	Jens Montanana, Andrew Miller, Richard Last and Martin Meyer
‘Subscription’	the subscription of the Subscription Shares by the Subscribers at the Issue Price pursuant to the Subscription Agreements
‘Subscription Agreements’	the conditional agreements, dated 8 February 2013, between the Company and each of the Subscribers relating to the Subscription further details of which are set out in paragraph 7.2 of Part II of this document
‘Subscription Shares’	up to 18,866,667 new Ordinary Shares to be issued pursuant to the Subscription
‘Subsidiary’	has the meaning given to it in section 1159 of the Companies Act 2006
‘Tomcat Sub’	Tomcat Sub, Inc, a wholly owned Subsidiary of the Company
‘UK’ and ‘United Kingdom’	the United Kingdom of Great Britain and Northern Ireland
‘US’ or ‘United States’	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction
‘Waiver Resolution’	ordinary resolution 1 to be proposed at the General Meeting for approval by the Independent Shareholders on a poll of the Panel’s waiver of the obligation that would otherwise arise on the Concert Party to make a general offer to all the Shareholders pursuant to Rule 9 of the Code (i) as a result of the proposed participation by Jens Montanana and Andrew Miller (who are two of the members of the Concert Party) in the Fundraising; and (ii) on any future potential exercise of the Share Options.

TECHNICAL GLOSSARY

‘DDoS’	a denial-of-service attack or distributed denial-of-service attack is an attempt to make a computer resource unavailable to its intended users. Although the means to carry out, motives for, and targets of a denial-of-service attack may vary, denial-of-service attacks generally consist of the concerted efforts of a person or people to prevent an internet site or service from functioning efficiently or at all, temporarily or indefinitely. One common method of attack involves saturating the target computer with external communications requests such that it cannot respond to legitimate traffic or responds so slowly as to be rendered effectively unavailable. In general terms, denial-of-service attacks are implemented by either forcing the targeted computer(s) to reset, or consuming its resources so that it can no longer provide its intended service or obstructing the communication media between the intended users and the victim so that they can no longer communicate adequately
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PART I

LETTER FROM THE CHAIRMAN

CORERO NETWORK SECURITY PLC

(incorporated in England and Wales with registered no: 02662978)

Directors:

Jens Montanana (Non-executive Chairman)
Andrew Miller (Executive Director)
Richard Last (Non-executive Director)
Andrew Lloyd (Non-executive Director)

169 High Street
Rickmansworth
Hertfordshire
WD3 1AY

25 February 2013

To Shareholders and for information only to holders of options over Ordinary Shares

Dear Shareholder

**Proposed Placing of up to 8,133,337 New Ordinary Shares and Subscription of
18,866,667 New Ordinary Shares at 15p per Ordinary Share**

Approval of waiver of Rule 9 of the Takeover Code

and

Notice of General Meeting

1. Introduction

The Company announced on 8 February 2013 that it proposes to raise up to £4.05 million (before expenses) by way of a Placing and Subscription of up to 27,000,004 New Ordinary Shares with certain institutional investors, the Concert Party and other investors at a price of 15p per New Ordinary Share.

The Fundraising has been undertaken to provide ongoing funding for, *inter alia*, the continued development of Corero's 'First Line of Defense' product proposition. The First Line of Defense product stops unwanted traffic (including DDoS cyber-attacks) from reaching and overwhelming firewalls and other infrastructure components, such that good customer traffic can flow unimpeded.

The Fundraising consists of a conditional Placing with new and existing shareholders of up to 8,133,337 New Ordinary Shares and a conditional Subscription of up to 18,866,667 New Ordinary Shares by certain directors and management of the Company, as set out below. The Concert Party has conditionally agreed to subscribe for 18,100,000 Subscription Shares. As at the date of this document, the Concert Party held in aggregate 28.8 per cent. of the Existing Shares. More information on the Concert Party is set out below. On the issue of such Subscription Shares, the Concert Party will together hold 40.8 per cent. of the Enlarged Issue Share Capital and will have a maximum interest in the Company of 41.6 per cent., further details of which are set out below. Since this will exceed 30 per cent. of the Enlarged Issued Share Capital, the Concert Party would, in the absence of a waiver from the provisions of Rule 9 of the Code being granted by the Panel, be obliged to make a general offer for the Company. The Panel has agreed to waive any requirement under the Code for the Concert Party to make a general offer to all the Shareholders pursuant to Rule 9 of the Code subject to approval of the Waiver Resolution by the Independent Shareholders voting on a poll. Further details are set out in paragraph 6 of this Part I.

This Fundraising is conditional upon, *inter alia*, the passing of the Resolutions to be proposed at the General Meeting. By way of the Resolutions, the Company is seeking the authority of Shareholders to:

- (i) approve the waiver granted by the Panel of the requirement which would otherwise arise for the Concert Party to make a general offer to Shareholders under Rule 9 of the Code as a result of their participation in the Fundraising and any future potential exercise of the Share Options; and

- (ii) provide the Directors with authority to allot and issue the New Ordinary Shares and disapply pre-emption rights in relation to the issue of the New Ordinary Shares.

Accordingly, the Company is convening the General Meeting. The Resolutions to be proposed at the General Meeting are set out in the Notice of General Meeting at the end of this document.

The purpose of this letter is to outline the reasons for the Fundraising and explain why the Board considers the Fundraising to be in the best interests of the Company and the Shareholders as a whole, and why the Board recommends that you vote in favour of Resolution 2 and the Independent Director alone recommends that you vote in favour of the Waiver Resolution.

2. Background to and Reasons for the Fundraising

Further to the trading update by the Company on 17 January 2013, the Directors maintain a positive outlook on the future for the Company's two divisions:

- the Corero Network Security division has a differentiated network security offering which, together with the infrastructure which has now been established, provides the platform from which to grow the business; and
- the Corero Business Systems division performed strongly in 2012 with this strong growth expected to continue.

A copy of that trading update is available on the Company's website at www.coreropl.com.

Corero Network Security

During the second half of 2012, Corero Network Security introduced its 'First Line of Defense' advanced security proposition and whilst revenues achieved during the year were disappointing, the Board believes that this repositioned First Line of Defense proposition will enable the business to capitalise on opportunities in the market.

Traditionally the first layer of security in an organisation's IT system has been corporate firewalls, which are being strained by the increasing level of unwanted and malicious traffic arriving via the Internet (including DDoS attacks), degrading performance of the network as a whole. The First Line of Defense product is based on Corero Network Security's existing technology suite, deployed on-premise or in a hosted data centre facility, but positioned in front of and to protect firewalls and other security infrastructure (such as intrusion prevention systems) and ultimately to protect business applications and data. The First Line of Defense proposition has received a positive reaction from Corero Network Security's sales channel partners and the Board is encouraged by its potential in this market.

The Board believes that Corero Network Security's existing First Line of Defense product platform can be developed further through a 'next generation' product. This product is intended for deployment in cloud infrastructure and virtual environments, and in larger-scale networks, with commensurate added functionality, performance enhancements, and the option to provide software-only solutions, enabling partnerships to be struck with other security hardware manufacturers. This will allow Corero Network Security to access new markets, increase its share of network security budgets and leverage its expectation of first mover advantage in the target market for its First Line of Defense product.

The Board believes the introduction of the First Line of Defense product positioning, in conjunction with the structural changes to its sales force and sales strategy described in its trading update of 17 January 2013, will enable the division to increase market penetration and sales.

Corero Business Systems

Corero Business Systems supplies finance and business management software to the education and commercial markets and operates as a stand-alone business within the Group. Corero Business Systems continues to report strong growth in both client number terms (for example, new academy and school customers increased by over 76 per cent. in the course of 2012 alone) and revenue terms (divisional revenues have doubled since 2009). Corero Business Systems plans to make further investment in its own products, including plans for a Software-as-a-Service-enabled finance software product. These plans will be funded from existing resources and the ongoing trading of the division.

3. Use of Proceeds

The net proceeds of the Fundraising will be deployed in the ongoing funding of the Corero Network Security division and development of its 'next generation' product, which the Board believes is capable of delivering a step change in the division's revenues. Specifically, the Board intends for the net proceeds of the Fundraising to be deployed in:

- continued funding of engineers recruited during 2012 for the development of the 'next generation' product;
- product management and marketing costs associated with the launch of the 'next generation' product;
- third party engineering and manufacturing costs including prototypes, specialist development contractors and manufacturing set-up costs; and
- capital expenditure including test equipment, development hardware and software, demonstration units for the sales team and partners and evaluation units for potential customers.

Should the Fundraising not proceed, the Company believes that it would not have sufficient resources to commit to the ongoing development of the 'next-generation' First Line of Defense proposition and would not be in a position to take full advantage of commercial opportunities emerging in this growth market.

4. Details of the Fundraising

The Subscription is conditional upon Admission and the Placing is conditional upon, *inter alia*, the following:

- approval on a poll by the Independent Shareholders of the Waiver Resolution;
- the passing (without amendment) of Resolution 2 as a special resolution at the General Meeting to authorise the Directors, pursuant to section 551 of the Act, to allot relevant securities up to a maximum aggregate nominal value of £270,000.04 pursuant to the Fundraising and to disapply the pre-emption rights conferred by the Act in connection with the allotment of Ordinary Shares pursuant to the Fundraising up to 27,000,004;
- the Subscription Agreements remaining in full force and effect and having become unconditional and the Company having received the subscription monies from each of the Subscribers in respect of the Subscription Shares by no later than 5.00 p.m. on the Business Day prior to Admission;
- the Company having received "Advance Assurance" from HMRC confirming that a subscription for New Ordinary Shares would qualify for relief under VCT and EIS legislation by no later than 7.00 a.m. on the day of Admission or such later date and time as finnCap may specify. This condition has been satisfied as "Advance Assurance" was received by the Company from HMRC on 12 February 2013; and
- Admission.

The Placing Agreement may be terminated by finnCap in certain circumstances prior to Admission including, *inter alia*, in circumstances where any of the warranties are found not to be true or accurate or were misleading in any material respect or on the occurrence of certain force majeure events.

Neither the Placing nor the Subscription is being underwritten by finnCap. The New Ordinary Shares will be credited as fully paid and will rank *pari passu* with the existing Ordinary Shares of the Company if and when issued.

The Concert Party is not financing the Subscription from any debt facility or other instrument.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence on 20 March 2013.

5. Directors' Participation in the Fundraising and Related Party Transaction

Under the terms of the Subscription Agreements, Jens Montanana, Andrew Miller and Richard Last, each a Director of the Company, have conditionally agreed to subscribe for Subscription Shares as part of the Subscription. The interests of the Directors on 22 February 2013 (being the last practicable date prior to publication of this document) are, and immediately following Admission will be, as follows:

<i>Director</i>	<i>Number of Ordinary Shares held on 22 February 2013 (being the last practicable date prior to publication of this document)</i>	<i>Number of New Ordinary Shares subscribed for in the Subscription</i>	<i>Resulting number of Ordinary Shares held immediately following Admission</i>	<i>Resulting holding as a percentage of the Enlarged Issued Share Capital</i>
Jens Montanana	15,943,687*	18,000,000**	33,943,687	39.6%
Andrew Miller	623,255	100,000	723,255	0.8%
Richard Last	400,000	666,667	1,066,667	1.2%
Andrew Lloyd	—	—	—	—
Total	16,966,942	18,766,667	35,733,609	41.6%

* of which 11,936,545 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana.

** of which 9,000,000 Ordinary Shares will be subscribed for by JPM International Limited, which is wholly owned by Jens Montanana, and 9,000,000 Ordinary Shares will be subscribed for by The New Millennium Technology Trust, of which Jens Montanana is a beneficiary.

The participation in the Fundraising by Jens Montanana, Andrew Miller and Richard Last, as Directors of the Company, constitute related party transactions pursuant to the AIM Rules. Andrew Lloyd, being the only Director who will not participate in the Fundraising, considers, having consulted with finnCap, the Company's nominated adviser, that the participation in the Fundraising by these individuals, as set out above, is fair and reasonable insofar as the Shareholders are concerned.

6. Rule 9 Waiver

The Code is issued and administered by the Panel. The Company is a company to which the Code applies and its Shareholders are entitled to the protections afforded by the Code. The Code governs, *inter alia*, transactions which may result in the change of control of a company to which the Code applies.

Under Rule 9 of the Code, any person who acquires an interest (as defined in the Code) in shares, which taken together with shares in which he is already interested and in which 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 Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Rule 9 of the Code further provides that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such person acting in concert with him acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining shareholders to acquire their shares.

An offer under Rule 9 of the Code 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 company during the 12 months prior to the announcement of the offer.

Under the Code, a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, the Company. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the Company irrespective of whether the holding or holdings give *de facto* control. The members of the Concert Party are deemed to be acting in concert for the purposes of the Code.

The Concert Party

The Company's largest shareholder, Jens Montanana, non-executive chairman of the Company, together with Andrew Miller, executive director and chief operating officer, and Stephen Turner, a former senior manager with the Company and now consultant of the Company, have an aggregate holding in the Company of 16,866,942 Ordinary Shares at the date of this document. As set out in the Company's circular dated 14 July 2010, Messrs Montanana, Miller and Turner are deemed by the Panel to be continuing to act in concert for the purposes of the Code. All members of the Concert Party are directors, employees or consultants of the Company.

As set out in the table below, should the Fundraising be completed, the Concert Party would on Admission in aggregate hold 34,966,942 Ordinary Shares of the Company, representing 40.8 per cent. of the Company's issued share capital at that date.

<i>Director</i>	<i>Number of Ordinary Shares held on 22 February 2013 (being the last practicable date prior to publication of this document)</i>	<i>Existing holding as a percentage of the Existing Issued Share Capital</i>	<i>Number of New Ordinary Shares subscribed for in the Subscription</i>	<i>Resulting number of Ordinary Shares held immediately following Admission</i>	<i>Resulting holding as a percentage of the Enlarged Issued Share Capital</i>
Jens Montanana	15,943,687*	27.2%	18,000,000**	33,943,687**	39.6%
Andrew Miller	623,255	1.1%	100,000	723,255	0.8%
Stephen Turner	300,000	0.5%	–	300,000	0.4%
Total	16,866,942	28.8%	18,100,000	34,966,942	40.8%

* of which 11,936,545 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana.

** of which 9,000,000 Ordinary Shares will be subscribed for by JPM International Limited, which is wholly owned by Jens Montanana, and 9,000,000 Ordinary Shares will be subscribed for by The New Millennium Technology Trust, of which Jens Montanana is a beneficiary.

In addition, the Concert Party have an interest in the Company of a total of 1,099,000 existing options over Ordinary Shares including a contractual right for Mr Miller to purchase 140,000 Ordinary Shares from the DPSP. Should the Concert Party exercise their rights under the Share Options in full and the Fundraising be completed, and assuming:

- (i) no other Ordinary Shares are issued by the Company following Admission; and
- (ii) the Fundraising is fully subscribed;

then the Concert Party would have an interest in the Company of 36,065,942 Ordinary Shares representing 41.6 per cent. of the Company's issued share capital at that date. Further details of the Share Options held by each member of the Concert Party are set out in paragraph 4.13 of Part II of this document.

Further details of the Concert Party's interests in the Company prior to and subsequent to the Fundraising, both before and after any potential exercise of their rights over the Share Options, is set out in paragraph 4 of Part II of this document.

Following completion of the Fundraising, the Concert Party will be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and for as long as they continue to be treated as acting in concert, any further increase in the Concert Party's aggregate interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Code.

As a result, the Independent Director has consulted with the Panel, and the Panel has agreed to waive the obligation to make a general offer for the entire issued share capital of the Company that would otherwise arise on the Concert Party as a result of their participation in the Fundraising or any future potential exercise of the Share Options subject to approval on a poll by the Independent Shareholders of the Waiver Resolution. None of the members of the Concert Party nor those Shareholders who are participating in the Fundraising are permitted to exercise their voting rights in respect of the Waiver Resolution but may exercise their voting rights in respect of Resolution 2.

On completion of the Fundraising, the number of Ordinary Shares in issue held by (a) the Concert Party will be 34,966,942, representing 40.8 per cent. of the Enlarged Issued Share Capital (excluding the Share Options as set out above, the exercise of which would mean that the Concert Party were interested in 36,065,942 Ordinary Shares representing 41.6 per cent. of the Company's issued share capital after such exercise, on the basis of the assumptions set out above) and (b) Jens Montanana (a member of the Concert Party) will be 33,943,687 Ordinary Shares representing 39.6 per cent. of the Enlarged Issued Share Capital (excluding 195,000 of the Share Options, the exercise of which would mean that Jens Montanana was interested in 34,138,687 Ordinary Shares representing 39.8 per cent. of the Company's issued share capital after such exercise on the basis of the assumptions set out above).

Shareholders should note that following Admission:

- (i) the Concert Party as a whole for as long as they continue to be acting in concert and Jens Montanana individually will not be able to further increase their interest in the voting rights of the Company between 30 and 50 per cent. of the voting rights of the Company without Panel consent. If they did so they would incur an obligation to make a general offer for the Company under Rule 9 of the Code; and**
- (ii) the individual members of the Concert Party (other than Jens Montanana) will not be able to further increase their percentage interest in the voting rights of the Company to 30 per cent. or more, nor will Jens Montanana be able to further increase his interest between 30 and 50 per cent. of the voting rights of the Company without Panel consent. If they did so they would incur an obligation to make a general offer for the Company under Rule 9 of the Code.**

The waiver to which the Panel has agreed under the Code will be invalidated if any purchases are made by any member of the Concert Party, or any person acting in concert with him in the period between the date of this document and the General Meeting. Furthermore, no member of the Concert Party, nor any person acting in concert with him, has purchased Ordinary Shares in the 12 months preceding 22 February 2013 (being the last practicable date prior to publication of this document) save as disclosed in paragraph 4.5 of Part II of this document.

The intentions of the Concert Party

The members of the Concert Party have each confirmed to the Company that they are not proposing, following any increase in their percentage interests in Ordinary Shares or voting rights as a result of their (a) participation in the Fundraising; (b) any potential exercise of existing options over Ordinary Shares or (c) purchase of Ordinary Shares under the DPSP, to seek any change in the composition of the Board or the general nature of the Company's business.

The members of the Concert Party have also each confirmed that they have no intention to make any changes regarding the future of the Company's business, the locations of the Company's places of business and the continued employment of its employees and management (and those of its subsidiaries) nor will there be any redeployment of the fixed assets of the Company. The Concert Party intends that the Company remain quoted on AIM. The Independent Director views the continued long term support of the Concert Party, consisting as it does of directors and consultants of the Company, as beneficial to Corero as it demonstrates management's belief in the business.

7. General Meeting

A notice convening the General Meeting, to be held at the offices of finnCap at 60 New Broad Street, London EC2M 1JJ at 9.30 a.m. on 19 March 2013 is set out at the end of this document at which the following resolutions will be proposed:

- an ordinary resolution to approve the waiver granted by the Panel of any obligation that would otherwise result on the Concert Party under Rule 9 as a result of their participation in the Fundraising and any future potential exercise of the Share Options; and
- a special resolution, subject to the passing of the Waiver Resolution, to authorise the Directors, pursuant to section 551 of the Act, to allot relevant securities up to a maximum aggregate nominal value of £270,000.04 pursuant to the Fundraising, which will be in addition to all existing authorities under section 551 of the Act and to disapply the pre-emption rights conferred by the Act in connection with the allotment of Ordinary Shares pursuant to the Fundraising up to 27,000,004, which will be in addition to the existing authority.

The Waiver Resolution will be taken on a poll and only the Independent Shareholders will be permitted to exercise their voting rights in respect of the Waiver Resolution.

Subject to the passing of the Resolutions and following completion of the Fundraising, the Directors will have authority to allot up to 19,443,137 Ordinary Shares, representing approximately 22.7 per cent. of the Enlarged Issued Share Capital of which 8,749,412 Ordinary Shares are capable of being allotted on a non pre-emptive basis. These authorities were approved and given at the last annual general meeting of the Company on 7 June 2012.

8. Action to be taken

Shareholders will find a Form of Proxy enclosed with this document for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 9.30 a.m. on 15 March 2013, being two Business Days before the time appointed for holding the General Meeting. Completion of the Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

9. Recommendations

Fundraising

The Board considers the Fundraising to be in the best interests of the Company and the Shareholders as a whole and recommends that you vote in favour of Resolution 2 to be proposed at the General Meeting, as they intend to do in respect of their own holdings of Ordinary Shares, totalling 16,966,942 Ordinary Shares, being approximately 29.0 per cent. of the Existing Shares.

Rule 9 Waiver

The Independent Director, who has been so advised by finnCap, believes that the Fundraising and the Waiver Resolution are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Director, finnCap has taken into account the Independent Director's commercial assessments. Accordingly, the Independent Director therefore recommends that the Independent Shareholders vote in favour of the Waiver Resolution.

Yours faithfully,

Jens Montanana
Chairman

PART II

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names appear on page 8, accept responsibility for the information contained in this document, save that:
 - 1.1.1 Jens Montanana, Andrew Miller and Richard Last, who have not participated in the Board's consideration of the Rule 9 Waiver, take no responsibility for the paragraph entitled "Rule 9 Waiver" contained in paragraph 10 of Part I of this document, for which only the Independent Director takes responsibility; and
 - 1.1.2 the only responsibility accepted by the Independent Director and Richard Last in respect of the information in this document relating to the Concert Party has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Director or Richard Last to verify this information).
- 1.2 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 for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Each member of the Concert Party accepts responsibility individually for the information contained in this document which relates to himself. To the best of knowledge and belief of each member of the Concert Party who has taken all reasonable care to ensure that such is the case, the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The Directors of the Company and their functions are as follows:

<i>Name</i>	<i>Function</i>
Jens Montanana	<i>Chairman</i>
Andrew Miller	<i>Chief Operating Officer and Executive Director</i>
Richard Last	<i>Non-Executive Director</i>
Andrew Lloyd	<i>Non-Executive Director</i>

3. Principal activity of the Company

The Company has two divisions: Corero Network Security and Corero Business Systems, whose operations are as follows:

- 3.1 Corero Network Security is an international network security company and a leading provider of next generation security solutions. Deployed as a First Line of Defense solution, the Company's products and services sit outside of a client's network, effectively stopping unwanted traffic (including DDoS cyber-attacks) from reaching and overwhelming firewalls and other infrastructure components, such that good customer traffic can flow unimpeded. The Company's First Line of Defense solution utilises sophisticated techniques and technologies to block malicious traffic to stop DDoS and other advanced cyber-attacks before they enter an organisation's IT infrastructure. This First Line of Defense solution helps customers worldwide, including enterprises, service providers and government organisations safeguard their IT infrastructure and eliminate downtime, ultimately protecting their bottom line.
- 3.2 Corero Business Systems is a leading provider of accounting, human resources, payroll and management information software to schools (including academies) and the further education and commercial sectors in the UK and internationally. Corero Business Systems' proprietary software solutions include: Resource Financials & HR, a finance and HR management solution delivering

web-enabled and workflow controlled business processes; and Resource EMS, a student record and learner management information solution for the post 16 education sector. Corero Resource Financials & HR software won The UK Business Software Industry Software Satisfaction Awards 2012 in the category of Accounting & Finance (corporate).

4. Interests and Dealings

Directors and other interests

For the purposes of this paragraph 4, the following terms have the following meanings:

- (i) **“acting in concert”** with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Code and/or the Rule 9 Waiver;
 - (ii) **“connected adviser”** means an organisation advising the Company in relation to the proposals described in Part 1 of this document or a corporate broker to the Company;
 - (iii) **“control”** means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Code) of a company, irrespective of whether such interest or interests give *de facto* control;
 - (iv) **“dealing”** or **“dealt”** includes the following:
 - (a) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - (b) 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 securities;
 - (c) subscribing or agreeing to subscribe for securities;
 - (d) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
 - (e) 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 securities;
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
 - (v) being **“interested”** in securities (or having an **“interest”**) in such securities includes where a person:
 - (a) owns them;
 - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them 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
 - (d) is a party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; and
 - (vi) **“relevant securities”** mean Ordinary Shares and securities convertible into, rights to subscribe for, derivatives referenced to and options (including traded options) in respect of, Ordinary Shares and **“relevant security”** shall be construed accordingly.
- 4.1 As at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them (within the meaning of Part 22 of the Act) in Ordinary Shares (all of which are beneficial unless stated) which would be required to be notified

pursuant to Part 22 of the Act and related regulations, or which would be required to be entered in the register maintained under Part 22 of the Act, were as set out below:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	15,943,687*	27.2%	27.2%
Andrew Miller	623,255	1.1%	1.1%
Richard Last	400,000	0.7%	0.7%
Andrew Lloyd	—	—	—
Total	16,966,942	29.0%	29.0%

* of which 11,936,545 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana.

- 4.2 As at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), details of Share Options granted to Directors (and any persons connected with them (within the meaning of section 252 of the Act)) were as set out below:

	<i>Interest in Share Options</i>	<i>Grant Date</i>	<i>Exercise Price (pence)</i>	<i>Expiry Date</i>
Jens Montanana	165,000	10 August 2010	25.0	10 August 2020
	30,000	21 March 2012	54.5	21 March 2022
Andrew Miller	476,000	10 August 2010	25.0	10 August 2020
	140,000*	21 March 2011	40.0	21 March 2021
	80,000	6 September 2012	54.5	6 September 2022
Richard Last	20,000	21 March 2012	54.5	21 March 2022

* these options consist of a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

- 4.3 Assuming that the Fundraising is completed on the terms set out in this document, the maximum interest in Ordinary Shares of each of the Directors assuming the maximum possible number of Ordinary Shares are issued under existing options held by each Director over Ordinary Shares and the DPSP, and assuming the Fundraising is fully subscribed, no further issues of Ordinary Shares by the Company, no exercise of other options by other option holders and no disposals by them, on Admission will be:

	<i>Maximum interest in Ordinary Shares</i>	<i>Maximum percentage of issued Ordinary Shares</i>
Jens Montanana	34,138,687*	39.5
Andrew Miller	1,319,255**	1.5
Richard Last	1,086,667	1.3
Andrew Lloyd	—	—

* of which 20,936,545 Ordinary Shares would be held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 9,000,000 Ordinary Shares would be held in the name of The New Millennium Technology Trust.

** includes a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

Of the 3,854,466 share options in issue at 31 December 2012 (excluding the DPSP), 771,000 are held by the Directors as detailed in the table above and the remaining 3,391,466 are held by employees of the Group.

- 4.4 Save as disclosed in paragraphs 4.12 and 4.13 of this Part II, as at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), none of the Concert Party, their immediate family or persons connected to them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in money or otherwise), including any short position in a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant security of the Company.
- 4.5 There have been no dealings (including borrowing or lending) for value in relevant securities by the Company (or by any person acting in concert with the Company), the Directors, or the Concert Party (or their immediate families, related trusts or persons connected or acting in concert with them) during the period of 12 months preceding 22 February 2013 (being the last practicable date prior to publication of this document), save that:

<i>Party</i>	<i>Date</i>	<i>Transaction</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share (p)</i>
Jens Montanana	2/3/2012	Placing	2,965,116	43
Andrew Miller	2/3/2012	Placing	23,255	43
Richard Last	2/3/2012	Placing	178,381	43
Jens Montanana	22/11/2012	Purchase	50,000	31
Jens Montanana	23/11/2012	Purchase	25,000	33
Jens Montanana	21/12/2012	Purchase	75,000	34

- 4.6 As at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), neither the Company nor any persons acting in concert with the Company had borrowed or lent any relevant securities of the Company.
- 4.7 Save as disclosed in paragraphs 4.1 and 4.2 of this Part II, as at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), none of the Directors, their immediate families or person connected with them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (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 in any relevant securities of the Company.
- 4.8 As at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), no person acting in concert with the Company had any interests, rights to subscribe or short positions (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 in relevant securities of the Company.
- 4.9 As at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document), neither finnCap nor any other connected adviser of the Company (including any person controlling, controlled by or under the same control as it) had any interests, rights to subscribe or short positions in relevant securities of the Company.
- 4.10 Other than as set out in paragraph 4.1 of this Part II and paragraph 4.3 of this Part II and so far as the Directors are aware, the only persons who, as at the close of business on 22 February 2013 (being the last practicable date prior to publication of this document) and immediately following Admission, are or will be directly or indirectly, interested (within in the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Ordinary Shares are as follows:

<i>Name of Shareholder</i>	<i>22 February 2013</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Existing Shares</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>
Andre Stewart	6,039,023	10.3	6,039,023	7.1
Blackrock, Inc	4,570,494	7.8	4,570,494	5.3
Herald Investment Management	3,928,389	6.7	7,261,723	8.5
Investec Wealth & Investment Limited	3,635,114	6.2	5,268,448	6.2
Legal & General Investment Management Limited	2,790,697	4.8	3,957,364	4.6
Octopus Investments Limited	2,749,697	4.7	2,749,697	3.2
Investec Bank plc	2,460,132	4.2	2,460,132	2.9
CrossHill Debt II, L.P.	2,168,346	3.7	2,168,349	2.5
Total	58,637,412	48.3	85,637,416	40.3

The Concert Party

4.11 The Concert Party comprises Jens Montanana, Andrew Miller and Stephen Turner. The Concert Party can be contacted at 169 High Street, Rickmansworth, Hertfordshire WD3 1AY.

4.11.1 Jens Peter Montanana (non-executive chairman of the Company), aged 52, served as managing director and vice-president of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics Inc., which was acquired by 3Com. In 1993, he co-founded US start-up Xedia Corporation in Boston, an early pioneer of network switching and one of the market leaders in IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999 for \$246 million. In 1994, Jens became CEO of Datatec Limited which listed on the Johannesburg Stock Exchange in 1994 and on AIM in 2006. He has previously served on the boards and sub-committees of various public companies.

4.11.2 Andrew Douglas Miller (executive director), aged 48, is the Group Chief Operating Officer and is also responsible for the Group's finance function and for acquiring businesses into the Group. Prior to joining the Group, Andrew was with the Datatec Limited group in a number of roles between 2000 and 2009 including the Logicalis Group Limited ("Logicalis") Operations Director and Corporate Finance and Strategy Director. He led the Logicalis acquisition strategy, acquiring and integrating 12 companies in the US, UK, Europe and South America. Prior to this, Andrew gained considerable corporate finance experience in London with Standard Bank, West Deutsche Landesbank and Coopers & Lybrand. He trained and qualified as a chartered accountant and has a bachelor's degree in commerce from the University of Natal, South Africa.

4.11.3 Stephen Turner consultant to the Company and former vice president of technology solutions and services, aged 52, has over 20 years' experience in the IT networking and security market. From 2006 to 2008, Stephen was with Fortinet in the US, initially shaping the high-end appliance strategy, and subsequently as VP Customer Services and Support worldwide. Stephen's technology background was originally founded over a six year period as a technical support consultant within the European Area Field Support Group of Digital Equipment Corporation in France, and subsequently as a customer advocacy consultant with Cisco Systems in Belgium. Stephen has a bachelor degree in science (with Honours) – mechanical engineering from Portsmouth University.

4.11.4 The Company notes that Andre Stewart, formerly vice-president of international sales within the Group, is no longer considered a member of the Concert Party subsequent to his leaving the Company to pursue other opportunities (as described in the Company's interim results announcement dated 5 September 2012).

4.12 At the close of business on 22 February 2013 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Ordinary Shares are as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	15,943,687*	27.2%	27.2%
Andrew Miller	623,255	1.1%	1.1%
Stephen Turner	300,000	0.5%	0.5%
Total	16,866,942	28.8%	28.8%

* of which 11,936,545 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana.

4.13 At the close of business on 22 February 2013 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Share Options are as follows:

<i>Name</i>	<i>Date of Grant</i>	<i>Number of Share Options</i>	<i>Exercise Price per Ordinary Share (pence)</i>
Jens Montanana	10 August 2010	165,000	25.0
	21 March 2012	30,000	54.5
Andrew Miller	10 August 2010	476,000*	25
	21 March 2012	80,000	54.5
Stephen Turner	10 August 2010	308,000	31
	6 September 2012	40,000	43

* Andrew Miller also has a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

4.14 Assuming that the Fundraising is completed on the terms set out in this document, the maximum interest in Ordinary Shares of each of the Concert Party assuming the maximum possible number of Ordinary Shares are issued under existing options held by each member of the Concert Party over Ordinary Shares and the DPSP, and assuming the Fundraising is fully subscribed, no further issues of Ordinary Shares by the Company, no exercise of other options by other option holders and no disposals by them, will be:

	<i>Maximum interest in Ordinary Shares</i>	<i>Maximum percentage of issued Ordinary Shares</i>
Jens Montanana	34,138,687*	39.4
Andrew Miller	1,319,255**	1.5
Stephen Turner	648,000	0.7
Total	36,105,942	41.6

* of which 20,936,545 Ordinary Shares would be held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 9,000,000 Ordinary Shares would be held in the name of The New Millennium Technology Trust.

** includes a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

- 4.15 Save as set out in paragraph 4.1 of this Part II, at the close of business on 22 February 2013 (being the latest practicable date prior to the publication of this document) no member of the Concert Party (and persons connected with it (within the meaning of section 252 of the Act)) held any relevant securities.
- 4.16 Save as set out in paragraph 4.5 of this Part II, during the period of 12 months preceding 22 February 2013 (being the last practicable date prior to publication of this document) there have been no dealings for value in relevant securities by any member of the Concert Party (and persons connected with any member of the Concert Party (within the meaning of section 252 of the Act)).
- 4.17 The Concert Party have not entered into any agreement, arrangement or understanding:
- (i) with the Independent Director (or their close relatives and related trusts) which has any connection with or dependence upon the proposals set out in Part I of this document; or
 - (ii) for the transfer of any Ordinary Shares acquired by the Concert Party.
- 4.18 In addition, the Independent Director is not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in Part I of this document between the Concert Party and any person interested or recently interested in Ordinary Shares, any other recent director of the Company or finnCap (or any person who is, or is presumed to be, acting in concert with finnCap).
- 4.19 Save as disclosed above in this paragraph 4:
- (i) no member of the Concert Party is interested in any relevant securities, has a right to subscribe for relevant securities, has borrowed or lent relevant securities or has dealt for value in relevant securities during the period of 12 months preceding 22 February 2013 (being the last practicable date prior to publication of this document);
 - (ii) no Director has an interest in any relevant securities nor has a right to subscribe for relevant securities;
 - (iii) no person referred to in paragraphs (a) or (b) above has any short position in relation to relevant securities (whether conditional or absolute and whether in the money or otherwise and 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);
 - (iv) neither the Company nor any person acting in concert with the Company has borrowed or lent relevant securities;
 - (v) neither the Company nor any person acting in concert with the Company has any interests, rights to subscribe or short positions in the Company;
 - (vi) no member of the Concert Party or any person acting in concert with them has lent or borrowed any relevant securities;
 - (vii) the Company has not redeemed or purchased any relevant securities during the period of 12 months preceding 22 February 2013 (being the last practicable date prior to publication of this document).

5. Directors' Service Contracts

- 5.1 Details of the service agreements currently in place between the Company and the Directors are set out below:
- 5.1.1 A service agreement dated 13 July 2010 and made between the Company and Andrew Miller. The service agreement is terminable by either party on not less than three months' written notice increasing by one month at the end of each complete 12 month period of continuous employment provided that the notice period shall not exceed six months in total. The agreement contains provisions for early termination in certain circumstances. With effect from 1 January 2013, the basic salary payable to Mr. Miller is £135,000 per annum. In addition, the Company has agreed to provide other benefits commensurate with his position including private medical insurance, life insurance, permanent health insurance, car allowance and contributions of up to 10 per cent. of his basic salary to his personal

pension scheme. Mr. Miller may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

5.2 Letters of Appointment:

5.2.1 A letter of appointment dated 13 July 2010 and made between the Company and Jens Montanana. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr Montanana's appointment has since been renewed for the twelve month period to 9 August 2013. With effect from 1 January 2013, the fee payable to Mr. Montanana is £26,000 per annum. Mr. Montanana will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

5.2.2 A letter of appointment dated 13 July 2010 and made between the Company and Richard Last. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr Last's appointment has since been renewed for the twelve month period to 9 August 2013. With effect from 1 January 2013, the fee payable to Mr. Last is £20,000 per annum. Mr. Last will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

5.2.3 A letter of appointment dated 19 November 2012 and made between the Company and Andrew Lloyd. The letter of appointment is for a period of 12 months and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. The fee payable to Mr. Lloyd is £20,000 per annum. Mr. Lloyd will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

5.3 Save as set out above, no service contracts have been entered into or amended in the last six months. The aggregate emoluments, excluding pensions, of the Directors for the year ended 31 December 2011, being the last financial year for which audited financial information has been published, are set out below:

	<i>Salary and fees paid or receivable £'000's</i>	<i>Bonus paid or receivable £'000's</i>	<i>Pension Contributions £'000's</i>	<i>Other benefits £'000's</i>	<i>Total 2011 £'000's</i>
Jens Montanana	15	Nil	Nil	Nil	15
Andrew Miller	134	68	12	4	218
Richard Last	15	Nil	Nil	Nil	15
Andrew Lloyd	Nil	Nil	Nil	Nil	Nil

6. Material changes

Save as set out in the announcement made by the Company on 17 January 2013, there has been no significant change in the financial or trading position of the Company subsequent to the publication of the interim financial statements of the Company for the six months ended 30 June 2012.

7. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:

7.1 2013 Placing Agreement

Under the Placing Agreement, finnCap has agreed to use reasonable endeavours to procure subscribers for the Placing Shares. The Placing Agreement is conditional, amongst other things, on (i) the passing of the Resolutions, (ii) the Subscription Agreements remaining in full force and effect and having become unconditional; (iii) the Company having received the subscription monies from each of the Subscribers in respect of the Subscription Shares by no later than 5.00 p.m. on

the Business Day prior to Admission; (iv) the Company having received “Advance Assurance” from HMRC confirming that a subscription for New Ordinary Shares would qualify for relief under VCT and EIS legislation by no later than 7.00 a.m. on the day of Admission or such later date and time as finnCap may specify; and (v) Admission occurring no later than 8.00 a.m. on 26 March 2013 or such earlier date as finnCap and the Company may agree or such later date and time as finnCap may specify. Condition (iv) has been satisfied as “Advance Assurance” was received by the Company from HMRC on 12 February 2013. The Company shall, on and subject to Admission, pay finnCap a corporate finance fee of £50,000 together with a commission of 5 per cent. of the amount equal to the aggregate value of the Placing Shares subscribed for by placees procured by finnCap under the Placing at the Issue Price. The Company shall bear its own costs and expenses, and pay the reasonable and properly incurred costs and expenses of finnCap in relation to and incidental to the Fundraising, the allotment and issue of the New Ordinary Shares, Admission, professional fees, costs of printing, advertising and circulating the documents, and any other incidental matter. The Placing Agreement contains warranties and indemnities given by the Company in favour of finnCap in relation to the Fundraising. The Placing Agreement is terminable in certain circumstances by finnCap prior to Admission in particular in the event of a material breach of the warranties or on the occurrence of certain force majeure events. The Placing has not been underwritten.

7.2 Subscription Agreements

On 8 February 2013, the Company entered into the Subscription Agreements with each of the Subscribers. The Subscription Agreements are conditional on Admission and, in the case of Richard Last, is also conditional on the Company having received “Advance Assurance” from HMRC confirming that a subscription for New Ordinary Shares would qualify for relief under VCT and EIS legislation by no later than 7.00 a.m. on the day of Admission. The latter condition has been satisfied as “Advance Assurance” was received by the Company from HMRC on 12 February 2013. The Subscribers have agreed to make payment of the subscription monies in respect of Subscription Shares to the Company by no later than 5.00 p.m. on the Business Day prior to Admission.

7.3 Silicon Valley Bank Loan and Security Agreement

On 18 October 2011, a loan and security agreement was entered into between Corero Network Security and Silicon Valley Bank for a total borrowing facility of \$2,000,000 comprising a fixed term loan facility in an amount not exceeding \$500,000 (“Term Loan”) and a debtor advance facility not exceeding \$1,500,000 (“Advance”) with advances limited to 80 per cent. of eligible debtors (“the Facility”). The Facility was renewed for 12 months with effect from 14 January 2013. The Term Loan and Advance attract interest equal to the Prime Rate published by The Wall Street Journal plus 5.25 per cent. The Term Loan is repayable in thirty-three equal monthly instalments. Corero Network Security has drawn down the full \$500,000 facility in two \$250,000 loans, the first maturing on 1 October 2014 and the second maturing on 1 April 2015. Advances are subject to Corero Network Security maintaining a monthly Adjusted Quick Ratio of 1.15, comprising the ratio of Quick Assets (cash and debtors due within 90 days) to Current Liabilities (liabilities due within 12 months). The obligations of Corero Network Security under this agreement are secured by a charge over all its assets.

7.4 Merger Agreement

An agreement between (1) the Company, (2) Tomcat Sub, (3) Corero Network Security (previously called Top Layer Networks, Inc.), (4) CrossHill Debt II, L.P., (5) CrossHill Georgetown Capital, L.P. and (6) Loudwater Trust Limited dated 7 February 2011 (“Merger Agreement”) to merge Tomcat Sub with and into Corero Network Security pursuant to which Corero Network Security became a wholly owned subsidiary of the Company (the “Merger”).

The Merger became effective at 7.30 a.m. local time in London, England, on 3 March 2011. The Merger consideration was \$15,288,160.

The Company and Tomcat Sub gave certain customary warranties to Corero Network Security and the Principal Stockholders. Corero Network Security gave warranties to the Company and Tomcat Sub in relation to the business, finances and operational status of the Corero Network Security Group (as it was immediately prior to its acquisition by the Company). Each of the

Principal Stockholders gave warranties to the Company and Tomcat Sub in respect of, *inter alia*, their authority to enter into the Merger Agreement. The warranties given in the Merger Agreement expired on 2 September 2012.

The Merger Agreement contains indemnities given by:

- Corero Network Security and the Principal Stockholders in favour of the Company and Tomcat Sub. The total aggregate liability of (i) CrossHill Debt II, L.P. and CrossHill Georgetown Capital, L.P. under these indemnities shall not exceed \$5,587,195; and (ii) Loudwater Trust Limited under these indemnities shall not exceed \$6,762,662; and
- the Company in favour of Corero Network Security and the Principal Stockholders. The total aggregate liability of the Company under these indemnities shall not exceed \$15,288,160.

7.5 Principal Stockholders Lock-In Deed

Each of the Principal Stockholders agreed that for a period of 12 months from 2 March 2011, he would not dispose of any of the Ordinary Shares to which he is legally or beneficially entitled as a result of the Merger Agreement and, for a further 12 months, he would, at least two Business Days prior to a disposal of such shares being made and becoming effective, notify finnCap in writing of the proposed disposal. These restrictions are subject to customary exceptions including where there has been an acceptance of an offer for the entire issued share capital of the Company or the giving of an irrevocable undertaking to an accept an offer. There is also a carve out for disposals of such Ordinary Shares in order to enable the Principal Stockholders to satisfy any claims made by the Company or Tomcat Sub pursuant to the indemnity contained in the Merger Agreement.

On 5 March 2012, Loudwater Trust Limited completed the disposal of its interest in Ordinary Shares of the Company.

7.6 Management Lock-In Deed

Each member of the CNS Management Team (each a “manager”) agreed that he would not, and would use all reasonable endeavours to procure that any person connected with him would not, during the Lock In Period (defined below) dispose of Ordinary Shares which are subject to the Lock In Period (“Restricted Shares”). “Lock In Period” means (i) with respect to each manager’s entire holding of Restricted Shares, the period from the 2 March 2011 up to and including the date of the first anniversary of 2 March 2011 (“First Lock In Period”); (ii) with respect to 80 per cent. of each manager’s holding of Restricted Shares, the period commencing on the date immediately following the expiry of the First Lock In Period and ending on the first anniversary thereafter (“Second Lock In Period”); and (iii) with respect to 50 per cent. of each manager’s holding of Restricted Shares, the period commencing on the date immediately following the expiry of the Second Lock In Period and ending on the first anniversary thereafter (“Third Lock In Period”). Each member of the CNS Management Team further agreed that he would, in respect of Ordinary Shares which are no longer the subject of a Lock In Period, at least two Business Days prior to a disposal of such shares being made and becoming effective, notify finnCap in writing of the proposed disposal provided that the manager may not dispose of any locked in Ordinary Shares while he is an employee or consultant of any member of the Group. The restrictions are subject to a number of customary exceptions including where there has been an acceptance of an offer for the entire issued share capital of the Company or the giving of an irrevocable undertaking to accept an offer. There is also a carve out for disposals made by way of gift to any person or persons acting in the capacity of trustee or trustees of a trust created by the manager provided that there are no persons beneficially interested under the trust other than the manager and the spouse or civil partner or children under 18 years of age of that manager.

The Lock-In Deeds for two members of the CNS Management Team, Peter Rendall and Paul Bogonis, were subsequently varied such that 100 per cent. of the Ordinary Shares held by each of them could be disposed of after 2 March 2012.

7.7 Consideration Loan Note Agreement

On 2 March 2011 and under the terms of the Merger Agreement, Corero Network Security issued \$5,000,000 in loan notes to the Principal Stockholders on 2 March 2011. The principal terms of the loan notes are that there is an 8 per cent. per annum interest rate with interest payable bi-

annually or added to the principal amount at the election of Corero Network Security. The loan notes are repayable three years following 2 March 2011 but can be repaid prior to the repayment date without penalty at the sole election of Corero Network Security.

7.8 2012 Placing Agreement

Under a placing agreement entered into on 17 February 2012, finnCap agreed to use reasonable endeavours to procure subscribers for 10,615,694 Ordinary Shares. The Company paid finnCap a corporate finance fee of £20,000 together with a commission of 5 per cent. of the amount equal to the aggregate value of the Ordinary Shares subscribed for under this Placing. The Company bore its own costs and expenses, and paid the reasonable and properly incurred costs and expenses of finnCap in relation to and incidental to this placing. This placing agreement contained warranties and indemnities given by the Company in favour of finnCap in relation to the placing. The Company also gave undertakings to finnCap that, *inter alia*, it would refrain from taking certain actions in relation to the Merger Agreement without the prior consent of finnCap.

Save as set out in this paragraph 7, the Company has not entered into any contracts, not being contracts entered into in the ordinary course of business, within the two years immediately preceding the date of this document which are, or may be, material.

8. Middle Market Quotations

Set out below are the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the Daily Official List of the London Stock Exchange PLC, on the first business day of each of the six months set out below and for 22 February 2013 (being the last practicable date prior to publication of this document):

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
3/9/2012	42.50
1/10/2012	33.50
1/11/2012	33.50
3/12/2012	33.00
2/1/2013	30.50
1/2/2013	19.75
22/2/2013	16.50

9. Consent

- 9.1 The total cost and expenses payable by the Company in connection with the Fundraising (including professional fees, commissions, the cost of printing and the fees payable to the registrars and the Panel) are estimated to amount to approximately £175,000 (excluding VAT).
- 9.2 No inducement fee is payable in respect of the proposals set out in this document.
- 9.3 finnCap has given and has not withdrawn its written consent to the issue of this document with the references to it in the form and context in which they appear.
- 9.4 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with it and any of the Directors, recent directors of the Company, Shareholders or recent shareholders or any person interested or recently interested in shares of the Company having any connection with or dependence upon the proposals set out in this document.
- 9.5 No agreement, arrangement or understanding exists whereby the Ordinary Shares held by any member of the Concert Party will be transferred to any other party.
- 9.6 As at the close of business on 22 February 2013 (being the latest practicable date prior to the publication of this document), finnCap did not hold any Ordinary Shares.

9.7 During the 12 months preceding 22 February 2013 (being the last practicable date prior to publication of this document), finnCap has not been dealing for value in relevant securities, acting as market maker and trading as principal.

10. Obtaining hard copies of information incorporated by reference

You may request a hard copy of any information incorporated into this document by reference by contacting Corero Network Security plc, 169 High Street, Rickmansworth, Hertfordshire WD3 1AY, or between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 01923 897 333 from within the UK or +44 1923 897 333 if calling from outside the UK. It is important that you note that unless you make such a request, a hard copy incorporated into this document by reference will not be sent to you.

11. Documents on display

11.1 Copies of the following documents will be available at the Company's website, <http://www.coreropl.com> and for inspection at the offices of the Company during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to including the date of the General Meeting:

11.1.1 this circular;

11.1.2 the Company's Memorandum and Articles of Association;

11.1.3 the published interim results of the Company for the six months ended 30 June 2012;

11.1.4 the published audited accounts of the Company for the two years ended 31 December 2011;

11.1.5 the written consent of finnCap referred to in paragraph 9.3 above;

11.1.6 the Placing Agreement; and

11.1.7 the Subscription Agreements.

PART III
FINANCIAL INFORMATION

The following information is incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code and is available free of charge on the Company's website at <http://www.coreropl.com/investors/results/>. A Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to the Company Secretary at 169 High Street, Rickmansworth, Hertfordshire, WD3 1AY, United Kingdom and by telephone on +44 1923 695 136.

The Interim Results of the Company for the six month period ended 30 June 2012;

The Annual Report and Accounts of the Company for the year ended 31 December 2011; and

The Annual Report and Accounts of the Company for the year ended 31 December 2010.

All reports referenced above can be found at the following website address:
<http://www.coreropl.com/investors/results/>

The Company's Annual Report and Accounts listed above contain the Company's audited consolidated financial statements for the financial years ended 31 December 2011 and 31 December 2010, together with the audit report in respect of each year.

<i>Information incorporated by reference to this document</i>	<i>Reference Document</i>	<i>Page number in Reference document</i>
For the year ended 31 December 2012		
Trading update	Announcement by the Company of 17 January 2013 entitled "Trading Update"	
For the Six Months ended 30 June 2012		
Interim results announcement	Interim Results announcement	
For the year ended 31 December 2011		
Independent Auditors' report	Annual Report 2011	26
Consolidated statement of comprehensive income for the year ended 31 December 2011	Annual Report 2011	28
Consolidated statement of changes in equity for the year ended 31 December 2011	Annual Report 2011	31
Consolidated statement of financial position at 31 December 2011	Annual Report 2011	29
Consolidated statement of cash flows for the year ended 31 December 2011	Annual Report 2011	30
Notes to the financial statements	Annual Report 2011	32
For the year ended 31 December 2010		
Independent Auditors' report	Annual Report 2010	16
Consolidated statement of comprehensive income for the year ended 31 December 2010	Annual Report 2010	17
Consolidated statement of changes in equity for the year ended 31 December 2010	Annual Report 2010	20
Consolidated statement of financial position at 31 December 2010	Annual Report 2010	18
Consolidated statement of cash flows for the year ended 31 December 2010	Annual Report 2010	19
Notes to the financial statements	Annual Report 2010	22

<i>Information incorporated by reference to this document</i>	<i>Reference Document</i>	<i>Page number in Reference document</i>
For the year ended 31 December 2009		
Independent Auditors' report	Annual Report 2009	16
Consolidated statement of comprehensive income for the year ended 31 December 2009	Annual Report 2009	17
Consolidated statement of changes in equity for the year ended 31 December 2009	Annual Report 2009	20
Consolidated statement of financial position at 31 December 2009	Annual Report 2009	18
Consolidated statement of cash flows for the year ended 31 December 2009	Annual Report 2009	19
Notes to the financial statements	Annual Report 2009	22

CORERO NETWORK SECURITY PLC

(the ‘Company’)

(incorporated and registered in England and Wales with registered no: 02662978)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of Corero Network Security plc (the “Company”) will be held at the offices of finnCap Limited at 60 New Broad Street, London EC2M 1JJ on 19 March 2013 at 9.30 a.m. to consider and, if thought fit, pass the following resolutions, Resolution 1 as an ordinary resolution (Resolution 1 will be taken on a poll by Independent Shareholders (being those Shareholders who are not members of the Concert Party nor participating in the Fundraising) as required by the City Code on Takeovers and Mergers) and Resolution 2 as a special resolution:

ORDINARY RESOLUTION

1. THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation which would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers on the Concert Party to make a general offer to the shareholders of the Company as a result of members of the Concert Party subscribing for Subscription Shares or on any future exercise of the Share Options by any member of the Concert Party be and is hereby approved and for the purpose of this Resolution capitalised terms shall have the meaning ascribed to them in the Company’s circular to its shareholders of which this notice forms part.

SPECIAL RESOLUTION

2. THAT, subject to and conditional on the passing of Resolution 1:
 - (a) the directors be and are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (“Act”) (and so that expressions used in this sub-paragraph (a) shall bear the same meanings as in section 551 of the Act) to exercise all powers of the Company to allot shares in the Company and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum aggregate nominal amount of £270,000.04, provided that (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 18 June 2014 (whichever is the earlier), save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired. This authority is in addition to all existing authorities under section 551 of the Act; and
 - (b) pursuant to section 570 of the Act, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by sub-paragraph (a) above as if section 561(1) and sub-sections (1) to (6) of section 562 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash of up to 27,000,004 New Ordinary Shares pursuant to the Fundraising (each as defined in the Company’s circular to its shareholders of which this notice forms part) and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 18 June 2014 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the

directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired. This power is in addition to all existing powers under section 570 of the Act.

By order of the Board
Duncan Swallow
Company Secretary

Registered Office:

169 High Street
Rickmansworth
Hertfordshire
WD3 1AY

Registered in England and Wales No. 2662978

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 6.00 p.m. on 15 March 2013 (or if the General Meeting is adjourned, on the day which is two business days before the time fixed for the adjourned General Meeting) shall be entitled to attend and vote at the General Meeting 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 General Meeting.
2. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 9.30 a.m. on 19 March 2013 and any adjournment(s) thereof by using 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 sponsors or voting service provider(s), 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 specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 9.30 a.m. on 15 March 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual 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.

3. If you wish to attend the General Meeting in person, you should make sure that you arrive at the venue for the General Meeting in good time before the commencement of the meeting. You may be asked to prove your identity in order to gain admission.
4. A member who is entitled to attend, speak and vote at the General Meeting 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 General Meeting 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 General Meeting (although voting in person at the General Meeting 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 General Meeting 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.
5. 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, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, by no later than 9.30 a.m. on 15 March 2013.
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 2 and 4 to 6 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.

