

A copy of this document, which comprises a prospectus relating to Parity Group plc (“Parity” or the “Company”) prepared in accordance with the Listing Rules and the Prospectus Rules of the UK Listing Authority (“UKLA”) made pursuant to Section 73A of the Financial Services and Markets Act 2000, as amended (“FSMA”), has been delivered to the UKLA for registration in accordance with Rule 3.2 of the Prospectus Rules. Application has been made to the UKLA for the whole of the Ordinary Share capital of the Company to be issued pursuant to the Issue to be admitted to the Official List and to trading on the London Stock Exchange’s market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 31 May 2011.

If you have sold or otherwise transferred all of your Ordinary Shares in the Company prior to 8.00 a.m. on 11 May 2011 (being the ex-entitlement date for the Open Offer), please send this document and the accompanying Application Form and Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Directors, whose names appear on page 21, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Singer Capital Markets Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Singer Capital Markets Limited or for providing advice in relation to the Issue and the contents of this document or any matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Singer Capital Markets Limited may have under FSMA or the regulatory regime established thereunder.

Apart from the responsibilities and liabilities, if any, which may be imposed on Singer Capital Markets Limited by FSMA or the regulatory regime established thereunder, Singer Capital Markets Limited accepts no responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company or the New Ordinary Shares. Singer Capital Markets Limited accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

PARITY GROUP PLC

*(a public limited company incorporated in England and Wales
and registered with company number 03539413)*

Firm Placing, Placing and Open Offer of 30,434,783 New Ordinary Shares at a price of 23p per Ordinary Share

Sponsor and Placing Agent

SINGER CAPITAL MARKETS LIMITED

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for New Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, Japan, New Zealand, the Republic of Ireland, the Republic of South Africa or the United States (the “Prohibited Territories”). The New Ordinary Shares have not been and will not be registered under the applicable securities laws of any of the Prohibited Territories and, unless an exemption under such laws are available, may not be offered for sale or subscription or sold, or pledged, or subscribed directly or indirectly within the Prohibited Territories or for the account or benefit of any national, resident or citizen of the Prohibited Territories. The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state of the United States and may not be offered, sold, resold, pledged, transferred or delivered, directly or indirectly, into or within the United States or to or for the account or benefit of any US person within the meaning of Regulation S of the Securities Act, except pursuant to an applicable exemption from registration requirements. In particular, the New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Attention is drawn to the risks associated with an investment in the New Ordinary Shares, which are set out under the heading “Risk Factors” beginning on page 8 of this document.

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SUMMARY INFORMATION

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO AND IN CONJUNCTION WITH, THE FULL TEXT OF THIS DOCUMENT AND ANY INVESTMENT DECISION RELATING TO THE ISSUE SHOULD BE BASED ON THE CONSIDERATION OF THIS DOCUMENT AS A WHOLE.

WHERE A CLAIM RELATING TO THE INFORMATION CONTAINED IN THIS DOCUMENT IS BROUGHT BEFORE A COURT, THE CLAIMANT MAY, UNDER THE NATIONAL LEGISLATION OF THE EEA STATE, HAVE TO BEAR THE COSTS OF TRANSLATING THIS DOCUMENT BEFORE THE LEGAL PROCEEDINGS ARE INITIATED. CIVIL LIABILITY ATTACHES TO THE COMPANY AND ITS DIRECTORS WHO ARE RESPONSIBLE FOR THIS SUMMARY, INCLUDING ANY TRANSLATION, BUT ONLY IF THE SUMMARY IS MISLEADING, INACCURATE OR INCONSISTENT WHEN READ TOGETHER WITH OTHER PARTS OF THIS DOCUMENT OR DOCUMENTS INCORPORATED BY REFERENCE INTO THIS DOCUMENT.

Introduction

The Company has today announced the Firm Placing, Placing and Open Offer of 30,434,783 New Ordinary Shares at a price of 23 pence per share to raise £7 million, before expenses.

The Issue is conditional, *inter alia*, upon shareholders passing the Resolutions to be proposed at the General Meeting to approve the terms of the Issue and to grant the Directors authority to allot the New Ordinary Shares and grant the Option, without the statutory pre-emption rights applying.

The Company

The Company was incorporated and registered in England and Wales on 2 April 1998 for the purpose of providing specialist IT services through its two main business units, Resources and Solutions, to clients across both the public and private sectors.

Resources – Parity Resources, the largest business unit in Parity, is a leading IT recruitment specialist in the UK, providing permanent and contract technology staff, temporary staff and managed recruitment services to a wide range of clients in the public and private sectors.

Solutions – Parity Solutions has two business streams which will be reported separately for the 2011 financial year:

Parity Systems offers innovative technology solutions designed around client requirements, including Cloud solutions, business intelligence, database solutions and collaborative information management. The division has a close relationship with global product vendors who provide the software products and tools that underpin the solutions offered.

Parity Talent Management works with clients to recruit, develop and grow their talent through improving skills and capability early in employees' careers.

Background to and reasons for the Issue

Importance of the Issue

It is clear to the Board that it is necessary to raise additional funds in order to reduce reliance on debt facilities, allow further cost reduction action and to provide additional working capital and funds to invest in initiatives aimed at new growth markets. Over half of the Net Proceeds are intended to be used on the Group's new initiatives, including recruiting top management, a new advanced applications initiative in the Systems division, the expansion of Talent Management, creating a new leading edge TechLab and enhancing Resources' growth in non-government areas.

The Company is of the opinion that, after taking into account the Net Proceeds of the Issue, the Group has sufficient working capital for its present requirements, that is for the next 12 months immediately following the date of this document.

As testament to the confidence that the Board has in the Group's restructured and realigned business, the Directors have, in aggregate, committed to invest £518,375 in the Issue.

Details of the Issue

The Issue will comprise an issue of 20,873,087 New Ordinary Shares under the Firm Placing and 9,561,696 New Ordinary Shares under the Placing and Open Offer. The Issue has not been underwritten.

The Issue is conditional, amongst other things, upon the approval by the Shareholders of the Resolutions to be proposed at the General Meeting. Philip Swinstead has committed to subscribe for 2,173,913 New Ordinary Shares under the Open Offer, (being approximately 89 per cent. of his entitlement under the Open Offer). Nigel Tose has committed to participate in, the Firm Placing in respect of 55,639 New Ordinary Shares and, in the Placing in respect of a further 24,252 New Ordinary Shares (which are subject to clawback).

The Open Offer Shares are being offered to Qualifying Shareholders on the basis of 1 Open Offer Share for every 4 Existing Ordinary Shares held and registered in their names on the Record Date.

Singer Capital Markets has agreed, subject to the conditions set out in the Placing Agreement and as agent for the Company, to use its reasonable endeavours to procure subscribers for up to 30,434,783 New Ordinary Shares at the Issue Price. Commitments have been secured by Singer Capital Markets from placees to subscribe at the Issue Price for 20,873,087 New Ordinary Shares under the Firm Placing and 9,561,696 New Ordinary Shares under the Placing (which are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer). As part of its remuneration under the Placing Agreement, Singer Capital Markets would, following admission, be issued the Option enabling it to subscribe for 686,816 Ordinary Shares at the Issue Price at any time during the period of five years from Admission.

The New Ordinary Shares issued pursuant to the Issue will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued.

Applications will be made for Admission of the New Ordinary Shares to be issued under the Issue to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in such shares will commence at 8.00 a.m. on 31 May 2011.

If a Qualifying Shareholder does not take up any of his Open Offer Entitlement, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by approximately 44.3 per cent. as a result of the Issue. Furthermore, Qualifying Shareholders who take up their Open Offer Entitlements in full in respect of the Open Offer will suffer dilution of approximately 30.4 per cent. to their shareholdings in the Company as a result of the Issue (on the assumption that they are not also a placee and the maximum number of Open Offer Shares are issued).

New Ordinary Shares are being offered at 23p each under the Issue being a discount of 16.4 per cent. to the Ordinary Share mid-market closing price of 27.5 pence, as at the close of the market on 10 May 2011 (being the latest practicable date prior to the publication of this document).

Current trading and prospects

The UK IT services market remains uncertain, but with some signs of recovery, including in the government sector. 2011 is therefore likely to be a year of consolidation with the focus on continuing to improve performance, finalising the Group's new growth strategy and moving the Group's offerings towards newer and more profitable emerging demands and technologies.

The first quarter has continued to be slow in the government sector but overall the Group has seen more stable revenues and performance. As the markets for IT services improve, and with the additional cost-cutting measures and new initiatives enabled by the Issue, the Board believes that further improvement to performance will continue, with significant results not showing through fully until next year.

Importance of the Vote

As disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2010, the following statement in the independent auditor's report in relation to the Group's ability to continue as a going concern was made:

"In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is dependent on the raising of new funds in order to fund working capital and finance its strategy in a timely manner, in order to continue as a going concern. While the Directors are confident that the required funds will be raised from additional financing opportunities, there are no binding agreements in place. These conditions indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern."*

*The relevant extract in note 1 of the financial statements in the Group's Annual Report and Accounts 2010 states:

"Following a year of significant losses, the directors believe that it is necessary to increase its cash resources in order to increase working capital, allow further cost savings and to back its new growth initiatives. In the absence of additional funding the new initiatives and cost savings would need to be postponed and the directors believe that the company would not necessarily have adequate headroom to finance the business on a day to day basis. To address this, the directors have explored additional financing opportunities and are at advanced stages of successfully completing one of these opportunities."

For the avoidance of doubt, the independent auditor's report for the year ended 31 December 2010 was unqualified.

The Company has now received binding commitments in relation to the New Ordinary Shares under the Firm Placing and the Placing (which is subject to clawback in respect of valid applications under the Open Offer). However, the Issue is conditional upon, inter alia, the passing of the Resolutions and the Placing Agreement not being terminated in accordance with its terms. Accordingly, the Resolutions must be passed by Shareholders at the General Meeting in order for the Issue to proceed.

If these Resolutions are not passed and the Issue does not proceed, then the Group will not have sufficient financial resources to fund its expansion plans and future growth strategy as detailed in this document and, if some or all of the discretionary actions described below are not successful, the Group may not necessarily have adequate headroom to finance the business on a day to day basis.

Headroom may be at its tightest in January 2012, when headroom of c.£500,000 may be available. This gives the Company at least six months to implement some or all of the discretionary actions described below.

In the event that the Issue does not proceed, the Group is likely to have to pursue alternative courses of action in order to increase the headroom under its existing working capital facilities. The Group would therefore change its proposed expansion strategy and seek to manage the existing cost base accordingly. This would allow at least six months to assess the success of these more limited growth plans and to undertake some or all of the following discretionary actions sequentially in order to increase further its headroom. In order of priority, these are:

1. Reduce or defer any commitment to new strategic initiatives. The Directors are confident that this measure would be successfully executed. Any commitments to new strategic initiatives would be constantly reviewed by the Directors against available working capital and measures would be taken as soon as appropriate to reduce or defer any further commitments;

2. Reduce or defer the investment required to achieve ongoing cost reductions. The Directors are confident that this measure would be successfully executed. The Directors would not embark on any cost reduction programmes that required additional funding unless they were confident the necessary funding was in place prior to any commitment being made;
3. Carry out a smaller equity fundraising such as a placing. As this falls outside of their control, the Directors cannot be confident as to whether a smaller fundraising would be successfully completed; or
4. Further reduce the cost base of the Group. The Directors are confident that this measure would be successfully executed as and when considered appropriate;

The Directors are confident that any of these discretionary actions would successfully provide additional headroom and prevent any potential breach of headroom, either in concert or individually.

It is very important that Shareholders vote in favour of the Resolutions at the General Meeting in order that the Issue can proceed and the Group can secure additional working capital for the business on a day to day basis and pursue its expansion plans and future growth strategy as detailed in this document. Not to do so could be extremely harmful for the Group and the interests of Shareholders.

Key Risk Factors

Shareholders should carefully consider the following risks:

- If the Resolutions are not passed and the Issue does not proceed, then the Group will not have sufficient financial resources to fund its expansion plans and future growth strategy as detailed in this document;
- Overall growth in and demand for IT services is highly dependent on the level of clients' commercial activity, which in turn is affected by the general economic climate and a continuing demand for new technology;
- The IT industry is highly competitive and providers of IT services must be able to respond to technological change in order to remain competitive;
- IT service providers are dependent on the recruitment and retention of suitably qualified personnel to service client contracts and to grow their business;
- Parity is dependent on a relatively limited number of major clients and contracts;
- Parity may be unable to pass on increased costs to its customers due to the fixed-price and unit-priced nature of some of its contracts;
- Loss of authorisation or accreditation from key suppliers and reliability of third party systems could adversely affect its ability to service client contracts and its reputation;
- Parity's business may be adversely affected by a prolonged disruption to infrastructure systems, any compromise in the security of its databases or any failure to protect its intellectual property rights;
- Parity's ability to service clients in the public sector could be restricted by law or regulation or changes to public sector purchasing practices;
- Parity is smaller than a number of its major competitors and may lack or be perceived as lacking the resources and/or geographical reach to compete effectively with them;
- Parity's resourcing Solutions business unit is dependent on its database of IT professionals and recruiting suitably qualified professionals to execute existing and new contracts;
- Any significant increase in general interest rates could lead to Parity's debt servicing charges increasing, which could have an adverse effect on its financial position. Rising interest rates may also have a more general effect on consumer confidence;
- Parity's pension funding deficit may expose Parity to significant costs;
- The Placing and, to the extent that Shareholders do not take up their entitlements under the Open Offer, the Open Offer will dilute the ownership and voting interests of holders of Existing Ordinary Shares;

- The ability of non-UK Shareholders to subscribe for New Ordinary Shares under the Open Offer may be limited;
- The market value of and the income derived from, the Ordinary Shares can fluctuate. There is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying net asset value or earnings potential. The price of the Company's shares may go down as well as up.

Dividend policy

Holders of Ordinary Shares are entitled to receive dividends with the exception of Ordinary Shares held by the Parity Group Employee Share Ownership Trust which are not entitled to receive dividends. The Board does not propose a dividend for 2010 and no dividend was paid for 2008 or 2009.

Selected Financial Information

The information set out below has been extracted without material adjustment from the Annual Reports and Accounts of the Company for the three years to 31 December 2008, 31 December 2009 and 31 December 2010.

	<i>Year ended</i> <i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£000</i>	<i>Restated</i> <i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>£000</i>
Revenue	132,278	119,024	119,024	92,963
Operating profit/(loss) excluding exceptional items	3,008	1,450	780	(2,642)
Exceptional items	(371)	(271)	(271)	(2,138)
Operating (loss)/profit	2,637	1,179	509	(4,780)
(Loss)/Profit before taxation	1,322	(20)	(20)	(5,243)
Loss for the year attributable to equity holders of the parent	<u>(3,448)</u>	<u>(271)</u>	<u>(271)</u>	<u>(6,134)</u>
Loss per share (pence)				
Basic	(9.08p)	(0.71p)	(0.71p)	(16.15p)
Diluted	(9.08p)	(0.71p)	(0.71p)	(16.15p)

RISK FACTORS

THE FOLLOWING RISK FACTORS SHOULD BE CAREFULLY CONSIDERED BY SHAREHOLDERS WHEN DECIDING WHAT ACTION TO TAKE IN RELATION TO THE ISSUE AND BY OTHERS WHEN DECIDING WHETHER TO MAKE AN INVESTMENT IN THE COMPANY.

IF ANY OF THE FOLLOWING RISKS ACTUALLY MATERIALISE, THE COMPANY'S BUSINESS, FINANCIAL CONDITION, PROSPECTS AND SHARE PRICE COULD BE MATERIALLY AND ADVERSELY AFFECTED TO THE DETRIMENT OF THE COMPANY AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT.

ANY INVESTMENT IN THE NEW ORDINARY SHARES IS SUBJECT TO A NUMBER OF RISKS. BEFORE MAKING ANY INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS DOCUMENT INCLUDING, IN PARTICULAR, THE RISK FACTORS DESCRIBED BELOW. SOME OF THE FOLLOWING FACTORS RELATE PRINCIPALLY TO THE GROUP'S BUSINESS AND THE SECTOR IN WHICH IT OPERATES. OTHER FACTORS RELATE PRINCIPALLY TO AN INVESTMENT IN THE NEW ORDINARY SHARES. THE FOLLOWING RISKS ARE THOSE MATERIAL RISKS OF WHICH THE DIRECTORS ARE AWARE. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT INTENDED TO BE EXHAUSTIVE AND ARE NOT THE ONLY ONES THAT THE GROUP MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES NOT CURRENTLY KNOWN TO THE GROUP, OR THAT THE GROUP CURRENTLY DEEMS IMMATERIAL, MAY ALSO HAVE AN ADVERSE EFFECT ON THE GROUP'S BUSINESS, FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS.

1. Risks relating to the Group

Importance of the Vote.

If the Resolutions are not passed and the Issue does not proceed, then the Group will not have sufficient financial resources to fund its expansion plans and future growth strategy as detailed in this document and, if some or all of the discretionary actions described in paragraph 12 of Part I of this document are not successful, the Group may not necessarily have adequate headroom to finance the business on a day to day basis. In the event that the Issue does not proceed, the Group is likely to have to pursue alternative courses of action in order to increase the headroom under its existing working capital facilities and the Group would therefore change its proposed expansion strategy and seek to manage the existing cost base accordingly. Accordingly, it is very important that Shareholders vote in favour of the Resolutions at the General Meeting in order that the Issue can proceed and the Group can secure additional working capital for the business on a day to day basis and pursue its expansion plans and future growth strategy as detailed in this document. Not to do so could be extremely harmful for the Group and the interests of Shareholders.

The Group is dependent on a relatively limited number of major clients and contracts.

Part of the revenue of the Group is derived from large contracts with a relatively limited number of major clients, although no client represented more than 7 per cent. of the Group's revenue in the financial year ended 31 December 2010 (the largest client in the financial year ended 31 December 2010 accounted for 7 per cent. of total Group turnover). Loss of turnover from any one of these clients (either as a result of external factors or other factors such as performance on contracts) as well as any expiry without renewal of these large contracts could adversely affect the Group's business and results of operations. In addition, the failure of one or a number of these major clients to settle debts due to the Group in a timely fashion could have a negative impact on the Group's financial position.

The Group's contracts can be complex and each one is different. The operation and management of those contracts is key to the successful performance of the Group.

The Group's contracts are negotiated on an individual case by case basis with clients. In addition, managed service and fully outsourced contracts are typically longer in duration than support service contracts and provide for changes in the services and personnel over the term of the contract. If the Group's personnel fail to adhere to controls and procedures established for contracts, or if specific

contracts and procedures are not communicated to relevant personnel to ensure specifically negotiated contractual obligations are met, the Group may not be able to comply with its obligations to its clients. The complexity and variability of client contracts makes risk management and monitoring more difficult. If the Group fails to assess adequately its risks, implement and communicate internal controls or monitor its position, its business, financial condition or results of operations may be adversely affected.

The Group may be unable to pass on increased costs to its clients due to the fixed price and unit priced nature of some of its contracts.

A portion of the Group's revenue is derived from fixed price, unit priced or combined fixed price and unit priced contracts. Under fixed price contracts, the Group provides specified services for a specified price without regard to amount of usage or cost of implementation. Under unit-priced contracts, the Group is typically paid on the basis of the number of users supported or the number of events occurring. The Group's contracts involve greater financial risks than other contract models, particularly in relation to managed service contracts which tend to be for a longer term, because the Group bears the risk if actual costs exceed the amount of fees provided for under the contract.

The Group's reputation as a quality professional service provider may be adversely affected by the quality and reliability of any third party systems used in the provision of its IT services or any failure to meet its contractual obligations, customer expectations or agreed service levels.

As an IT service provider, the Directors believe that the Group's reputation for providing high quality professional services is key to maintaining and developing its relationships with clients.

Within Business Solutions, systems integration activity frequently involves the use of products designed and developed by third parties. These products may be standard or may need to be adapted to meet specific requirements. Certain standard products chosen by the systems integrator may not be adaptable to the specific characteristics of a project. Similarly, specific functionality required by a client may either disrupt the operation of the product or lead to inadequate identification of the potential consequences of such requirements being implemented. In any event, this could cause significant delays or implementation problems which could result in the termination of a contract by the client and/or penalties being imposed on the Group.

Certain contracts may provide for a reduction in fees payable by the client if service levels fall below certain specified thresholds, thus potentially reducing or eliminating the profit margin on any particular project. If the Group fails to meet its contractual obligations or perform to client expectations, it could be subject to legal liability or damage to its reputation and the client may ultimately be entitled to terminate the contract.

The Group's ability to attract new customers or retain existing customers is largely dependent on its ability to provide reliable high quality services to them and to maintain a good reputation. Because many of the engagements of the Group involve projects that are critical to the business operations and information systems of their clients, the failure or inability of the Group to meet a client's expectations could have a material adverse effect on the client's operations and could result in damage to the reputation of the Group.

Loss of the Group's authorisation or accreditation from vendors or disruption of its relationship with key suppliers could adversely affect its ability to service client contracts.

A portion of the Group's turnover depends on its continued authorisation and accreditation by certain vendors of IT software and hardware. Without service authorisations and accreditations by these vendors, the Group may be unable to offer its IT services to clients with respect to certain IT hardware and software products. Furthermore, some clients may require the Group to have specific authorisations or accreditations, such that the loss of service authorisations and accreditations from these vendors could undermine its ability to fulfil certain contractual obligations. There can be no assurance that a vendor will not withdraw an authorisation or accreditation, which may result in a material adverse effect on the Group's business, financial condition or results of operations.

Loss of key strategic partners could adversely affect the Group's ability to secure business.

A portion of the Group's business depends upon the company's relationship with strategic partners who complement the Group's market position, brand recognition and sales and marketing capabilities. Loss

of such partnerships could materially adversely affect the company's ability to secure new orders or contracts.

The Group's business may be adversely affected by a prolonged disruption to infrastructure systems or by any compromise in the security of its databases.

As an IT services provider, the Group must rely on its own IT, telecommunications and other critical infrastructure systems to perform and manage the services it provides to clients. Although the Group has standby and disaster recovery systems, if its IT systems were to experience significant errors or prolonged disruption, this could cause the Group to fail to meet client expectations which could materially adversely affect the Group's reputation, business, financial condition or results of operations. The Group has valuable databases. In particular, its Resources business unit is heavily dependent on the quality of its database. If these were damaged then the ability of the Group to operate and access these databases could be adversely impacted. This could also have a material adverse impact on the Group's revenue and profits. In addition, access to these databases by a competitor could enable such a competitor to compete more effectively with the Company.

The Group's ability to service clients in the public sector could be restricted by law or regulation or by changes to public sector purchasing practices.

A substantial part of the Group's revenue is derived from public sector projects. New legislation or regulations in this area could restrict the Group's ability to continue to conclude contracts with its public sector clients. Changes to the purchasing practices of the central and local government agencies of the United Kingdom could adversely affect the Group. Public spending cuts initiated by the current coalition UK government may lead to the cancellation or curtailment of, or a significant reduction in the scope of, the Company's contracts with its public sector clients. Further, if the public sector clients with renewal options in their contracts choose not to exercise the renewal options, the number or orders linked to public sector contracts is reduced, public sector contracts are cancelled or if temporary work suspension orders are issued, future turnover could be reduced.

Any failure to protect the Group's intellectual property rights may impact upon its business.

Certain products or services are protected by intellectual property rights or constitute trade secrets. The success of the Group depends, in part, on its continuing right to use and protect its technology and these proprietary rights. Unauthorised parties may succeed in copying aspects of its products and may obtain and use information that the Group regards as proprietary. It is also possible that competitors could independently develop similar technologies to those of the Group without infringing these proprietary rights. In addition, other parties may breach confidentiality agreements or other protective contracts entered into and the Group may not be able to enforce its rights, or repair the injuries it suffers, in the event of such breaches. The Group may have to resort to litigation to enforce its intellectual property rights, or to counter any claims from third parties that the Group has infringed their proprietary rights. Any litigation, regardless of its uncertain outcome, may result in substantial costs and diversion of management resources.

Relative size of the Group and the Group's competitors.

The Group is smaller than a number of its major competitors and may lack, or be perceived as lacking, the resources and/or geographical reach to compete effectively with them. The entry of new competitors into the market as well as consolidation and/or the organic growth of existing competitors may increase the competitive nature of the markets within which the Group operates. Any such increase in the competitive forces which the Group faces may have an adverse effect on the Group's financial performance. Changes in customer procurement policies and practices in favour of companies of greater scale or reach could materially adversely affect the Group's ability to compete for and secure orders, competitive tenders, new contracts and/or contract renewals.

Dependence of Resources business unit on its database of IT professionals and recruiting suitably qualified professionals.

The Group's Resources business unit is heavily dependent on its database of IT professionals and any material impairment of this database or any failure to maintain and develop such a database with the addition of sufficient numbers of suitable IT professionals to meet customer demand may have a material impact on the Group. Furthermore, should the Group be unable to attract and contract with a sufficient number of appropriately qualified IT professionals to satisfy its obligations then the Group could be at risk both on the execution of existing contracts and in securing new ones.

Increase in Debt Servicing Costs.

The Group has no control over changes in general interest rates or inflation or other economic factors affecting its business. Any significant increase in general interest rates could lead to its debt servicing charges increasing, which could have an adverse effect on the Group's financial position. If the Group is unable to repay or refinance any loan at the end of its term, this may have an adverse effect on the Group's business, financial condition or results of operation and could result in the relevant lender enforcing its rights in respect of the Group and its assets. However, the minimum term of the Group's asset based lending facility (as detailed in paragraph 15.2 of Part VI of this document) is not due to expire until 7 December 2013.

The Group's interest costs in respect of its borrowings will increase in the event of rising interest rates. Rising interest rates may also have a more general effect on consumer confidence, resulting in lower demand in the industries in which the Group is active and this could have a material adverse effect on the Group's business, results of operations and overall financial condition in the longer term.

Pension Funding Risk.

The Group operates the Parity Retirement Benefit Plan, which is a defined benefit plan. This plan has been closed to new members since 1995 and with effect from 1 January 2005 was closed to future service accrual. This plan has a significant deficit, which the Group is obliged to make up through contributions. As at 31 December 2010, the last valuation date, on an IFRS basis the deficit was £2.521 million. This deficit and/or the extent of the Group's contributions may increase significantly due to factors outside the Group's control, such as investment performance and assumptions about future liability. In addition, this deficit may expose the Group to significant costs under the Pension Protection Levy. The Group is subject to various funding risks, principally poor performance of the equity investments, changes in long term annuity rates and increased longevity of the members. Such risks could result in significant cash contributions by the Group to the pension scheme. On 21 December 2010, Parity announced that it had issued options over 1 million Ordinary Shares, exercisable at 9 pence per share, in favour of the trustees of the plan, in consideration of Parity being granted a 14 month pension contribution holiday. There can be no guarantee that Parity will be able to agree such an arrangement with the trustees of the plan in future, should the need arise again.

The current agreement with the trustees provides that payments to the pension scheme will cease between November 2010 and December 2011, inclusive. Under the agreement, there is no further obligation due to crystallise during this period. Once this period has ended, normal payments will resume in January 2012 at a fixed rate per month until March 2019. However, there is in the agreement an undertaking by the trustees that they agree in good faith to consider extending the Company's contribution holiday into 2012 if this is critical to the Parity business. Equally, the Company has agreed, in good faith, to consider recommencing contributions to the scheme as soon as possible during the deferral period if the Parity business recovers sufficiently to allow it.

Funding Future Growth.

The future growth of the Group may require substantially increased funding. The ability of the Group to fund future expansion, whether in terms of working capital or long term investment in items such as infrastructure, may have a significant effect on its ability to expand to meet customer demand or expectations. Accordingly, any failure to procure the required funding may constrain the Group's future growth (save for the investment in the future detailed in paragraph 3 of Part I of this document). For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statements contained in the Summary or paragraph 13 of Part VI of this document.

Macro-economic risk.

Beginning in 2008, the global financial system has been experiencing severe difficulties and, in particular, financial markets have deteriorated dramatically. This has led to a severe dislocation of financial markets around the world and unprecedented levels of illiquidity in the global financial system. In response to the market instability and illiquidity, a number of governments, including those of the UK, other EU member states and the US, have intervened in order to inject capital into and generate additional liquidity in financial markets to promote stability and in some cases to prevent the failure of financial institutions. Despite such measures, the volatility and disruption of the capital and credit markets has continued and recessionary conditions are present in the UK, which is the predominant market in which the Group operates.

The precise nature of all the risks and uncertainties the Group faces as a result of the current global financial and economic crisis cannot be predicted, as many of these risks are outside of the Group's control. If current levels of market disruption and volatility continue, worsen or are extended, the Group may experience further reductions in trading activity, a lower share price, the financial failure of one or more of its key customers and/or suppliers, asset impairments and lower profitability. Even if the current market disruption and volatility abates, a global recession or deeper recessionary conditions which affect the Group's businesses could have a material adverse effect on the Group's business, results of operations and overall financial condition.

2. Risks relating to the Group's industries

Overall growth in and demand for IT services is highly dependent on the level of clients' commercial activity, which in turn is affected by the general economic climate and a continuing demand for new technology.

The overall demand for IT services is influenced by the level of clients' commercial activity, which in turn is affected by the general economic climate and market conditions in their and related sectors. Growth in the demand for IT services is dependent on a number of factors, including the macroeconomic environment, the rate of change in the regulatory environment and in industry consolidation, the adoption of new technologies and customer spending patterns.

During any economic downturn, clients are liable to cancel, reduce or postpone existing contracts, and existing or prospective clients are likely to defer concluding new contracts. In such economic times, clients have different priorities and will often focus on essentials and look for shorter term returns on their IT investments. In particular, they will often concentrate primarily on maintaining and optimising their existing IT systems, rather than on installing new systems. Any downturn may also lead clients and competitors to apply pressure to prices and this pressure can lead to lasting changes in terms of pricing policies, delivery capabilities and market expectations. Any period of economic downturn could lead to the materialisation of some or all of the above risks, which in turn could have a material adverse impact on the margins, profitability and prospects of the Group.

The IT industry is highly competitive and providers of IT services must be able to respond to technological change in order to remain competitive.

The Group operates in market sectors which are characterised by a high level of competition between a number of suppliers. The Group faces competition from larger competitors with a wider global capability and/or with a larger proportion of low cost offshore service resources. Further consolidation in the IT services market could lead to the emergence of more companies with the resources to rival the Group. Competitors may be able to respond faster to new or emerging technologies and changes in client requirements or devote greater resources than the Group to the development, promotion and sale of new product and service offerings. The Group must continue to respond promptly and effectively to technological change and competitors' innovations in order to be successful. No assurance can be given that the Group will continue to be able to respond to changes in technology and correspondingly develop the IT services offered to clients or that competition will not have a material adverse effect on the Group's business, results of operations or financial condition.

IT service providers are dependent on the recruitment and retention of suitably qualified personnel to service client contracts and to grow their businesses.

Human resources are an important factor for success in the provision of IT services and the growth of an IT business. The ability of the Group to meet the demands of the market and compete effectively with other suppliers is, to a large extent, dependent on the skills, experience and performance of its personnel. There is a high level of demand for individuals with appropriate knowledge and experience in the IT services market. As a service company, the Group recognises that the relationships that its employees develop with its clients and partners are key to the success of its business. The loss of key personnel, the loss of a significant number of staff or the failure to identify and attract the number of qualified employees or contractors required to service client contracts could have serious consequences for the Group, including a negative effect on its capacity to secure and service important client contracts and consequently a material adverse effect on its business and results of operations. Additionally, the loss of key management, sales and technical personnel could materially impact the Group's prospects.

3. Risks relating to Ordinary Shares

The market value of Ordinary Shares may fluctuate and may not reflect the underlying asset value of the Company.

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. The market value of shares can fluctuate and may not always reflect the underlying asset value. A number of factors outside the control of the Company may impact on its performance and the price of the Ordinary Shares, including: the operating and share price performance of other companies in the industries and markets in which the Company operates; speculation about the Company's business in the press, media or investment community; changes to the Company's sales or profit estimates; or the publication of research reports by analysts and general market conditions.

The Company's ability to pay dividends is dependent on the availability of distributable reserves.

The ability of the Company to pay dividends on the Ordinary Shares is dependent upon the availability of distributable reserves and upon receipt by it of dividends and other distributions of value from its subsidiaries and companies in which it has an investment.

Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline.

There can be no assurance that Directors or other Shareholders will not elect to sell their Ordinary Shares. The market price of Ordinary Shares could decline as a result of any sales of such Ordinary Shares or as a result of the perception that these sales may occur. If these or any other sales were to occur, the Shareholders may in the future have difficulty in offering or selling Ordinary Shares at a time or at a price deemed appropriate.

Dilution of ownership of Ordinary Shares.

Qualifying Shareholders (including those in any Prohibited Territory or where their participation in the Open Offer is restricted for legal, regulatory or other reasons) who do not take up their *pro rata* entitlement in full will suffer an immediate dilution in the proportionate ownership and voting interest in the Enlarged Share Capital. Due to the non pre-emptive nature of the Placing, holders of Existing Ordinary Shares will suffer a further dilution of their ownership and voting interest in the Enlarged Share Capital.

Suitability of the Ordinary Shares and the New Ordinary Shares as an investment.

The Ordinary Shares and the New Ordinary Shares may not be a suitable investment for all the recipients of this document. Before taking a final decision, investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialise in advising on the acquisition of shares and other securities, before making any investment decision. In the event of a winding-up of the Company, the Ordinary Shares and the New Ordinary Shares will rank behind any claims by creditors of the Company and, therefore, any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

Ability of non-UK Shareholders to subscribe for New Ordinary Shares may be limited.

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Open Offer. In particular, holders of Ordinary Shares who are located in the United States may not be able to exercise their rights unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Open Offer and the New Ordinary Shares will not be registered under the Securities Act and Shareholders who have registered addresses in the United States or who are resident or located in the United States may not receive the Application Form, the New Ordinary Shares or take up their entitlement under the Open Offer. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders who have registered addresses outside of the UK should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to receive the Application Form, the New Ordinary Shares or take up their entitlement under the Open Offer.

Any future share issues and sales of Ordinary Shares by major Shareholders may have an adverse effect on the market price of the Ordinary Shares.

The Company has no current plans for a subsequent offering of shares. However, it is possible that the Company may decide to offer additional shares in the future. An additional offering or significant sale of shares by any of the Company's major Shareholders could have an adverse effect on the market price of the outstanding Ordinary Shares.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of New Ordinary Shares they should consult their stockbroker, bank manager, account manager, solicitor, accountant or other independent financial adviser.

Investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialise in advising on the acquisition of shares and other securities, before making any investment decision.

IMPORTANT INFORMATION

IN ASSESSING AN INVESTMENT IN THE COMPANY, INVESTORS SHOULD RELY ONLY ON THE INFORMATION IN THIS DOCUMENT. NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS DOCUMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED ON AS HAVING BEEN AUTHORISED BY THE COMPANY, THE DIRECTORS, SINGER CAPITAL MARKETS, OR ANY OTHER PERSON. NEITHER THE DELIVERY OF THIS DOCUMENT NOR ANY SUBSCRIPTION OR PURCHASE OF NEW ORDINARY SHARES MADE PURSUANT TO THIS DOCUMENT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO, THE DATE OF THIS DOCUMENT SUBJECT TO THE COMPANY'S OBLIGATIONS UNDER THE DISCLOSURE RULES, LISTING RULES AND PROSPECTUS RULES.

THIS DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE DISTRIBUTION OF THIS DOCUMENT AND THE OFFERING OF NEW ORDINARY SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES ARE REQUIRED TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTIONS.

International Financial Reporting Standards

As required by the Act and Article 4 of the European Union IAS Regulation, the consolidated financial statements of the Group are prepared in accordance with IFRS issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements" that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and are stated subject to the Company's obligations under the Disclosure and Transparency Rules, Listing Rules and Prospectus Rules. For the avoidance of doubt, these forward looking statements in no way seek to qualify the working capital statement set out in the summary or at paragraph 13 of Part VI of this document.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the part of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy.

Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this document. The Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, subject always to the continuing obligations of the Company to make relevant disclosures under the Listing Rules, Prospectus Rules and Disclosure and Transparency Rules as in force from time to time. Among the factors which could cause actual results to differ materially from those described in the forward-looking

statements are changes in global, political, economic, business or competitive conditions, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals.

For the attention of United States residents

The Open Offer and the New Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws of any state of the United States and may not be offered, sold, resold, pledged, transferred or delivered, directly or indirectly, into or within the United States or to or for the account or benefit of any US person within the meaning of Regulation S of the Securities Act, except pursuant to an applicable exemption from registration requirements.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Notice to Overseas Shareholders

All Overseas Shareholders and any person (including, without limitation, a nominee, custodian or trustee) who has a contractual or other legal obligation to forward this document, if and when received, or other document to a jurisdiction outside the UK, should read paragraph 7 of Part I and paragraph 6 of Part III of this document.

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in the Open Offer. Qualifying Shareholders who have registered addresses outside of the UK should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to receive the Application Form, the New Ordinary Shares or take up their entitlement under the Open Offer.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. All of the Directors and executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors or the executive officers in a court of competent jurisdiction in England or other countries.

Notice to all investors

This document does not constitute an offer to sell or the solicitation of an offer to buy New Ordinary Shares to any person and the issue of the New Ordinary Shares pursuant to the Placing does not constitute an offer to the public. Members of the general public were not eligible to take part in the Placing.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Ordinary Shares is prohibited. By accepting delivery of this document, each offeree of the New Ordinary Shares agrees to the foregoing.

The distribution of this document and/or the transfer of the New Ordinary Shares into jurisdictions other than the UK may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions

may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into any of the Prohibited Territories or into any other jurisdiction where to do so would breach any applicable law.

No action has been taken by the Company or by Singer Capital Markets that would permit an offer of the New Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the UK.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by Singer Capital Markets. Neither the delivery of this document nor the Admission of the New Ordinary Shares pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Parity Group since the date of this document or that the information in this document is correct as at any time subsequent to its date. No statement in this document is intended as a profit forecast.

The contents of the websites of the Parity Group do not form part of this document.

Capitalised terms have the meanings ascribed to them in Part VII of this document.

Investment considerations

Investors and prospective investors should not treat the contents of this document as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares and/or New Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer and/or other disposal of Ordinary Shares and/or New Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares and/or New Ordinary Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and any investment therein. Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

This document should be read in its entirety before making any investment decision in respect of the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles of Association of the Company from time to time which investors and prospective investors should review. The Articles of Association will be available for inspection at the locations and during the period specified in paragraph 24 of Part VI of this document.

No profit forecasts

This document contains certain statements as regards dividends, and the Company's or the Board's intentions, anticipations or expectations in relation to the same. Investors should note that none of these statements constitutes a profit forecast in relation to any financial year of the Company and that the Company's actual results will be based on a number of factors, any one of which, if not achieved, may adversely affect the rate of return to investors.

Presentation of Information

Market, Economic and Industry Data

Market, economic and industry data used throughout this document is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency Presentation

Unless otherwise indicated, all references in this document to “GBP”, “Sterling”, “pounds sterling”, “pence” or “p” are to the lawful currency of the UK.

Definitions

A list of defined terms used in this document is set out at pages 113 to 117 of this document.

SHAREHOLDER HELPLINE

If you have any questions in relation to the Open Offer, please telephone the Shareholder Helpline on 0871 384 2277 if calling from inside the UK, or +44 121 415 0189 if calling from outside the UK. The helpline is available from 8.30 a.m. to 5.30 p.m. on any Business Day.

Calls to the 0871 384 2277 number are charged at 8p per minute from a BT landline. Other service providers' costs may vary. Calls to the +44 121 415 0189 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes. The Shareholder Helpline will be unable to give advice on the merits of the Open Offer or to provide any financial, legal, tax or investment advice.

EXPECTED TIMETABLE

2011

Record Date for entitlements under the Open Offer	close of business on Monday 9 May
Announcement of the Issue and posting of Prospectus and Application Forms	Wednesday 11 May
Ex-entitlement date for the Open Offer	8.00 a.m. on Wednesday 11 May
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	Thursday 12 May
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on Thursday 19 May
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on Friday 20 May
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on Monday 23 May
Last time and date for receipt of Forms of Proxy for use at the General Meeting	11.00 a.m. on Wednesday 25 May
Last time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on Wednesday 25 May
General Meeting	11.00 a.m. on Friday 27 May
Results of Issue announced	by 8.00 a.m. on Tuesday 31 May
Admission and commencement of dealings in New Ordinary Shares	8.00 a.m. on Tuesday 31 May
CREST members' accounts credited in respect of New Ordinary Shares in uncertificated form	by 8.00 a.m. on Tuesday 31 May
Despatch of definitive share certificates for New Ordinary Shares in certificated form	No later than Friday 3 June

Each of the times and dates in the above timetable is subject to change, in which event details of the new times and/or dates will be notified to the UK Listing Authority and the London Stock Exchange and, where appropriate, Shareholders. References to times in this document are to BST.

ISSUE STATISTICS

Issue Price per New Ordinary Share under the Issue	23 pence
Number of Existing Ordinary Shares in issue at the date of this document	38,246,784
Number of New Ordinary Shares to be issued pursuant to the Firm Placing	20,873,087
Number of New Ordinary Shares to be issued pursuant to the Placing and Open Offer	9,561,696
Total number of New Ordinary Shares to be issued	30,434,783
Enlarged Share Capital*	68,681,567
New Ordinary Shares as a percentage of the Enlarged Share Capital*	44.3%
Net Proceeds of the Issue receivable by Company	£6,400,000
Number of Ordinary Shares subject to the Option, to be granted immediately following Admission [#]	686,816
Estimated Expenses of the Issue	£600,000
Approximate market capitalisation of the Company at the Issue Price following Admission	£15.8 million

* On the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under the Share Schemes between the posting of this document and the closing of the Issue.

[#] On the assumption that the maximum number of New Ordinary Shares are issued pursuant to the Issue.

DIRECTORS AND ADVISERS

Directors	Philip Swinstead OBE (<i>Non-Executive Chairman</i>) Lord Roger Freeman (<i>Non-Executive Deputy Chairman</i>) Paul Davies (<i>Chief Executive</i>) Alastair Woolley FCA (<i>Finance Director</i>) Nigel Tose (<i>Non-Executive Director</i>)
Registered Office	Wimbledon Bridge House 1 Hartfield Road Wimbledon London SW19 3RU Tel: 0845 873 0790 Fax: 020 8545 6355
Secretary	Alastair Woolley FCA Parity Group plc Wimbledon Bridge House 1 Hartfield Road Wimbledon London SW19 3RU
Sponsor and placing agent	Singer Capital Markets Limited One Hanover Street London W1S 1YZ
Auditors and Tax advisers to the Company, Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Solicitors to the Company	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Solicitors to the Sponsor	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Registrar and Receiving Agent	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART I

LETTER FROM THE CHAIRMAN

PARITY GROUP PLC

*(a public limited company incorporated in England and Wales
and registered with number 03539413)*

Directors:

Philip Swinstead OBE (*Non-Executive Chairman*)
Lord Roger Freeman (*Non-Executive Deputy Chairman*)
Paul Davies (*Chief Executive*)
Alastair Woolley FCA (*Finance Director*)
Nigel Tose (*Non-Executive Director*)

Registered Office:

Wimbledon Bridge House
1 Hartfield Road
Wimbledon
London
SW19 3RU

To the holders of Ordinary Shares and for information only, to option holders

Dear Shareholder,

**Firm Placing, Placing and Open Offer of 30,434,783 New Ordinary Shares
at a price of 23p per Ordinary Share**

1. Introduction

Your Board is pleased to report that the Company has today announced the Firm Placing, Placing and Open Offer of 30,434,783 New Ordinary Shares at a price of 23 pence per share to raise £7 million, before expenses.

The Issue is conditional, *inter alia*, upon Shareholders passing the Resolutions to be proposed at the General Meeting. The Issue has not been underwritten. A notice of the General Meeting to be held at 11.00 a.m. on 27 May 2011 is set out at the end of this document.

The principal purpose of this document is to explain the reasons for, and to provide details of, the Issue and to explain why the Directors believe that the Issue is in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

The attention of Shareholders is drawn to paragraph 12 of this Part I where the importance to the Group, of Shareholders voting in favour of the Resolutions at the General Meeting, is highlighted.

2. Board restructuring

In June 2010, Paul Davies and I, who are the original founders of the Group, rejoined the Board as CEO and Chairman respectively. The previous CEO, Alwyn Welch, left the company, as did John Hughes, a non-executive director. In December 2010, the Board announced that Finance Director Ian Ketchin was leaving the business at the end of March 2011. Alastair Woolley, FCA, was appointed to the Board on 1 April 2011 as Finance Director.

3. Background to and reasons for the Issue and use of proceeds

Following two years of revenue decline and reducing profitability, the Group's performance worsened considerably in 2010. Consequently, the new management team were forced to address urgently the increasing losses of the Group and its worsening cash position and restructure the business accordingly. Various initiatives implemented over two phases resulted in approximately £3.5 million being removed from the annual cost base of the business, thereby achieving a better balance between revenue and cost. New banking facilities were negotiated with PNC Bank to provide further debt finance. The Solutions division, where many of the problems lay, withdrew from bidding for very large Systems Integration projects in which it had not performed well financially. A further significant restructuring of management

and the business followed, including the launch of separate graduate Talent Management and Systems divisions from the existing Solutions division.

In the preliminary results for 2010 announced on 3 March 2011, the Board reported that revenues were 22 per cent. lower compared to 2009 and that the Group suffered a loss of £3.1 million before tax and exceptional items. Exceptional items and discontinued business costs amounted to £3 million. Encouragingly, the Board reported that the Solutions division returned to operational breakeven in the last quarter of 2010.

After the setbacks of last year it is clear to the Board that it is necessary to raise additional funds in order to reduce reliance on debt facilities, and implement further cost reductions, to provide additional working capital and funds to invest in initiatives aimed at new growth markets.

In order of priority, it is intended that the Net Proceeds of the Issue will be applied as follows:

1. Opportunities to reduce cost base, including IT and property;	£1.0m
2. Providing additional working capital;	£2.0m
3. Investment in the future:	
– Additional top management;	£0.5m
– New advanced applications initiative in Systems division with major partner;	£0.5m
– First graduate talent management move in England;	£1.0m
– Parity TechLab to be created with a major partner; and	£1.0m
– Enhancing Resources growth in non-government areas.	£0.4m
Total:	£6.4m

The Board expects to provide further details of new initiatives during 2011 as progress is made.

In the 2010 Annual Report, I set out the Board's vision of how the market will evolve over the coming years and what it views as the best opportunities for the Group to exploit, commenting that:

“The Board sees major opportunities and changes ahead in both the skills base and the types of IT application required by customers. Parity has particular skills and experience in the Business Intelligence area but recognizes that technology trends will change the nature and delivery of these applications.

The Cloud revolution is gathering pace and new technology combined with the web enables quite different communication processes. In particular there is the corporate use of mobile internet devices, the requirement for visual rather than text communication, and the increasing relevance of IT technology to the marketing processes of all corporates through digital media and social networks. These trends are likely to produce a growing but different IT services requirement over the coming years.”

As testament to the confidence that the Board has in the Group's restructured and realigned business to take advantage of the opportunities open to it, the Directors have, in aggregate committed to invest £518,375 in the Issue.

I have committed to take up 89 per cent. of my entitlement under the Open Offer and Nigel Tose has committed to subscribe for 55,639 New Ordinary Shares under the Firm Placing and 24,252 New Ordinary Shares under the Placing (which are subject to clawback).

4. Current trading and prospects

As I comment in the 2010 Annual Report, the UK IT services market remains uncertain, but with some signs of recovery, including in the government sector. 2011 will therefore be a year of consolidation with the focus on continuing to improve performance, finalising the Group's new growth strategy and moving the Group's offerings towards newer and more profitable emerging demands and technologies.

The first quarter has continued to be slow in the government sector but overall the Group has seen more stable revenues and performance as expected, which is encouraging. As the markets for IT services improve, and with the additional cost-cutting measures and new initiatives enabled by the Issue, the

If you have sold or otherwise transferred all of your Existing Ordinary Shares before the ex-entitlement date for the Open Offer (being 8.00 a.m. on 11 May 2011), you are not entitled to participate in the Open Offer.

Qualifying Shareholders are also being offered the opportunity to subscribe for Excess Shares in excess of their Open Offer Entitlements as described below.

The latest time and date for receipt of Application Forms under the Open Offer will be 11.00 a.m. on 25 May 2011.

Details of the terms and conditions which are applicable to the Open Offer are set out in Part III of this document.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of, or placed for the benefit of, the relevant Qualifying Shareholder, but will be subscribed for under the Placing for the benefit of the Company.

Excess Application Facility

Subject to availability, the Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares through the Excess Application Facility, up to a maximum number of Excess Shares equal to 4 times the number of Ordinary shares held as at the Record Date. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlements will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of Part III: "Terms and Conditions of the Open Offer" of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility. The Company reserves the right, in its absolute discretion, to allow for applications for Open Offer Shares in excess of the maximum Excess Shares stated in Box 4 of the Application Form.

If Qualifying shareholders wish to apply for more shares under the Excess Application Facility than is stated in Box 4 for certificated Shareholders, or credited to their CREST account, the shareholder should contact the Equiniti shareholder helpline.

Excess applications may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all. In the event of over subscription under the Excess Application Facility the Directors intend to limit applications by Qualifying Shareholders pro-rata to their existing holdings of Ordinary Shares at the Record Date.

Details of the Firm Placing and Placing

Pursuant to the terms of the Placing Agreement, Singer Capital Markets has agreed, subject to the conditions set out in that agreement and as agent for the Company, to use its reasonable endeavours to procure subscribers to subscribe at the Issue Price for 20,873,087 New Ordinary Shares under the Firm Placing and 9,561,696 New Ordinary Shares under the Placing (which are subject to clawback in respect of valid applications under the Open Offer). Members of the general public were not eligible to participate in the Firm Placing or the Placing. The Issue has not been underwritten.

The New Ordinary Shares to be issued pursuant to the Firm Placing are not subject to clawback and do not form part of the Open Offer.

The Placing Agreement contains certain undertakings and warranties given by the Company in favour of Singer Capital Markets (including warranties relating to the accuracy of the information in this document and the Company's incorporation and capacity). Prior to Admission, Singer Capital Markets may terminate the Placing Agreement in certain defined circumstances. Following Admission, the Placing Agreement cannot be terminated.

As part of its remuneration under the Placing Agreement, Singer Capital Markets would, following admission, be issued the Option enabling it to subscribe for 686,816 Ordinary Shares at the Issue Price at any time during the period of five years from Admission.

The New Ordinary Shares issued pursuant to the Issue will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued.

Applications will be made for Admission of the New Ordinary Shares to be issued under the Issue to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in such shares will commence at 8.00 a.m. on 31 May 2011.

Arrangements have been made for dealings in the New Ordinary Shares to be settled in uncertificated form through CREST. New Ordinary Shares to be held in uncertificated form and issued pursuant to the Issue are expected to be delivered in CREST by no later than 8.00 a.m. on 31 May 2011.

Conditionality

The Issue is conditional, *inter alia*, upon:

- the passing of the Resolutions without amendment at the General Meeting to be held on 27 May 2011;
- the Placing Agreement having become unconditional in all respects save for the condition relating to Admission; and
- Admission becoming effective by not later than 8.00 a.m. on 31 May 2011 (or such later time and date as the Company and Singer Capital Markets may agree, not being later than 5.00 p.m. on 12 July 2011).

Accordingly, if any of such conditions are not satisfied or, if applicable, waived by the time and on the dates specified above, the Issue will not proceed and application monies will be returned to applicants (at the applicant's risk) without interest as soon as possible thereafter.

Dilution

If a Qualifying Shareholder does not take up any of his Open Offer Entitlement, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by approximately 44.3 per cent. as a result of the Issue. Furthermore, Qualifying Shareholders who take up their Open Offer Entitlements in full in respect of the Open Offer will suffer dilution of approximately 30.4 per cent. to their shareholdings in the Company as a result of the Issue (on the assumption that they are not also a placee and the maximum number of Open Offer Shares are issued).

6. Notice of General Meeting

A notice convening the General Meeting to be held at 11.00 a.m. on 27 May 2011 at Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU at which the Resolutions will be proposed, is set out at the end of this document.

Pursuant to the Resolutions, Shareholders will be requested to:

- (a) authorise the Directors to allot up to 30,434,783 New Ordinary Shares pursuant to the Firm Placing, the Placing and the Open Offer and to issue the Option;
- (b) disapply the statutory pre-emption rights under the Act to enable the Issue to be effected and the Option to be issued. Pursuant to this resolution, the maximum aggregate nominal amount of ordinary share capital, or rights to acquire share capital, which the Directors would have authority to allot would be £622,433 which represents approximately 81.4 per cent. of the issued share capital as at the latest practicable date prior to the publication of this Prospectus; and
- (c) approve the terms of the Issue including, *inter alia*, the issue price of 23 pence per share (representing a discount of 16.4 per cent. to the mid-market closing price of the Existing Ordinary

Shares on 10 May 2011, (being the latest trading day prior to the announcement of the Issue) for the purpose of the Listing Rules.

Save in respect of the allotment of New Ordinary Shares pursuant to the Issue and the allotment of Ordinary Shares pursuant to the exercise of rights under the Option Agreement and the Share Schemes, the Directors have no current intention to allot shares or rights to subscribe or convert into shares in the capital of the Company.

7. Overseas Shareholders

The distribution of this document and/or the transfer of the New Ordinary Shares into jurisdictions other than the UK may be restricted by law. Overseas Shareholders and any person (including, without limitation, a nominee, custodian or trustee) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK, or into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into any of the Prohibited Territories or into any other jurisdiction where to do so would breach any applicable law.

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in the Open Offer. Qualifying Shareholders who have registered addresses outside of the UK should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to receive the Application Form, the New Ordinary Shares or take up their entitlement under the Open Offer.

No action has been taken by the Company or by Singer Capital Markets that would permit an offer of the New Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the UK.

In particular, the Open Offer and the New Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws of any state of the United States and may not be offered, sold, resold, pledged, transferred or delivered, directly or indirectly, into or within the United States or to or for the account or benefit of any US person within the meaning of Regulation S of the Securities Act, except pursuant to an applicable exemption from registration requirements.

This Prospectus has not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

8. Parity Share Schemes

The Directors will consider whether to make adjustments to the number of Ordinary Shares and the exercise price payable under outstanding options and awards made under the Share Schemes to reflect the terms of the Issue, in accordance with the rules of the Share Schemes. Any such adjustments would, where required by the rules of the Share Schemes, be subject to confirmation in writing from the auditors of the Company that they are, in their opinion, fair and reasonable, and would also be subject to the approval of HMRC.

9. Taxation

Information regarding taxation of Shareholders resident in the United Kingdom, who hold the Ordinary Shares as investments and who are the absolute beneficial owners of those shares is set out in paragraph 14 of Part VI of this document. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.

10. Additional information and Risk Factors

Your attention is drawn to the “Risk Factors” section of this document and the additional information about the Parity Group set out in Parts II to VI of this document.

11. Action to be taken

Action to be taken in respect of the General Meeting

Part VIII of this document contains a Notice of General Meeting convening a General Meeting of the Company to be held at 11.00 a.m. on 27 May 2011 at Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU. The Issue is conditional, *inter alia*, on the Resolutions to be proposed at the General Meeting being passed by the Shareholders.

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the Meeting in person, it is important that you complete and return the Form of Proxy, in accordance with the instructions printed thereon, to Equiniti Limited, Aspect House Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and in any event, so as to arrive no later than 11.00 a.m. on 25 May 2011. Alternatively, you may register your vote online by visiting Equiniti’s website at www.sharevote.co.uk. In order to register your vote online you will need to enter the Voting ID, Task ID and Shareholder Reference Number given on the enclosed Form of Proxy.

Completion and return of the Form of Proxy or registering your vote online will not preclude you from attending the Meeting in person, if you so wish and are entitled to do so.

Shareholders who hold Ordinary Shares through CREST and who wish to appoint a proxy or proxies for the General Meeting by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (CREST participant ID RA19) no later than 11.00 a.m. on 25 May 2011. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages and therefore normal system timings and limitations will apply.

Shareholders should be aware that, if the Resolutions to be proposed at the General Meeting are not passed and Admission does not take place, each of the Firm Placing, Placing and Open Offer will lapse and accordingly the Net Proceeds of the Issue will not be received by the Company.

Action to be taken in respect of the Open Offer

If you are a Qualifying Non-CREST Shareholder, you will find enclosed with this document an Application Form to apply for Open Offer Shares under the Open Offer. If you wish to take up any or all of your entitlement to Open Offer Shares under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part III of this document and in the Application Form. Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4.1 of Part III should be returned by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in either case as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 25 May 2011.

If you are a Qualifying CREST Shareholder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of your Open Offer Entitlement under the Open Offer and also an Excess CREST Open Offer Entitlement for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in Part III of this document.

The latest time for applications under the Open Offer to be received, whether from Qualifying Non-CREST Shareholders or from Qualifying CREST Shareholders, is 11.00 a.m. on 25 May 2011. The procedure for application and payment depends on whether, at the time at which the application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have your Open Offer

Entitlement and Excess CREST Open Offer Entitlement credited to your stock account in CREST in respect of such entitlements. The procedures for application and payment are set out in Part III of this document. Further details also appear in the Application Forms which have been sent to Qualifying Non-CREST Shareholders.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

The attention of Overseas Shareholders is drawn to paragraph 6 of Part III of this document. Further details of the Open Offer are set out, in the case of Qualifying Non-CREST Shareholders, in the Application Form.

If you are in any doubt as to what action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

12. Importance of the Vote

As disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2010, the following statement in the independent auditor's report in relation to the Group's ability to continue as a going concern was made:

"In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is dependent on the raising of new funds in order to fund working capital and finance its strategy in a timely manner, in order to continue as a going concern. While the Directors are confident that the required funds will be raised from additional financing opportunities, there are no binding agreements in place. These conditions indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern."*

*The relevant extract in note 1 of the financial statements in the Group's Annual Report and Accounts 2010 states:

"Following a year of significant losses, the directors believe that it is necessary to increase its cash resources in order to increase working capital, allow further cost savings and to back its new growth initiatives. In the absence of additional funding the new initiatives and cost savings would need to be postponed and the directors believe that the company would not necessarily have adequate headroom to finance the business on a day to day basis. To address this, the directors have explored additional financing opportunities and are at advanced stages of successfully completing one of these opportunities."

For the avoidance of doubt, the independent auditor's report for the year ended 31 December 2010 was unqualified.

The Company has now received binding commitments in relation to the New Ordinary Shares under the Firm Placing and the Placing (which is subject to clawback in respect of valid applications under the Open Offer). However, the Issue is conditional upon, inter alia, the passing of the Resolutions and the Placing Agreement not being terminated in accordance with its terms. Accordingly, the Resolutions must be passed by Shareholders at the General Meeting in order for the Issue to proceed.

If these Resolutions are not passed and the Issue does not proceed, then the Group will not have sufficient financial resources to fund its expansion plans and future growth strategy as detailed in this document and, if some or all of the discretionary actions described below are not successful, the Group may not necessarily have adequate headroom to finance the business on a day to day basis.

Headroom may be at its tightest in January 2012, when headroom of c.£500,000 may be available. This gives the Company at least six months to implement some or all of the discretionary actions described below.

In the event that the Issue does not proceed, the Group is likely to have to pursue alternative courses of action in order to increase the headroom under its existing working capital facilities. The Group would therefore change its proposed expansion strategy and seek to manage the existing cost base accordingly. This would allow at least six months to assess the success of these more limited growth plans and to undertake some or all of the following discretionary actions sequentially in order to increase further its headroom. In order of priority, these are:

1. Reduce or defer any commitment to new strategic initiatives. The Directors are confident that this measure would be successfully executed. Any commitments to new strategic initiatives would be constantly reviewed by the Directors against available working capital and measures would be taken as soon as appropriate to reduce or defer any further commitments;
2. Reduce or defer the investment required to achieve ongoing cost reductions. The Directors are confident that this measure would be successfully executed. The Directors would not embark on any cost reduction programmes that required additional funding unless they were confident the necessary funding was in place prior to any commitment being made;
3. Carry out a smaller equity fundraising such as a placing. As this falls outside of their control, the Directors cannot be confident as to whether a smaller fundraising would be successfully completed; or
4. Further reduce the cost base of the Group. The Directors are confident that this measure would be successfully executed as and when considered appropriate;

The Directors are confident that any of these discretionary actions would successfully provide additional headroom and prevent any potential breach of headroom, either in concert or individually.

It is very important that Shareholders vote in favour of the Resolutions at the General Meeting in order that the Issue can proceed and the Group can secure additional working capital for the business on a day to day basis and pursue its expansion plans and future growth strategy as detailed in this document. Not to do so could be extremely harmful for the Group and the interests of Shareholders.

13. Recommendation

The Board considers the Issue and the passing of the Resolutions to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings amounting to 10,620,383 Existing Ordinary Shares, in aggregate, representing approximately 27.76 per cent. of the Company's current issued share capital.

Yours faithfully

Philip Swinstead OBE

Chairman

Parity Group plc

PART II

FURTHER INFORMATION ON PARITY GROUP PLC

1. Overview and history

Parity is a UK focused provider of specialist IT services through its two main business units, Resources and Solutions, to clients across both the public and private sectors. The Company disposed of its training business unit to ECS Ltd at the end of February 2009.

The Parity business was formed in 1993 via a management buy-in of Comac Group plc, a small IT staffing company incorporated in 1973 and traded on the Unlisted Securities Market. In 1994 the Comac Group plc changed its name to Parity plc and was admitted to the Official List. Parity plc then went on to expand its IT services operations through a series of acquisitions and organic growth, to form an international IT services group.

The Company was incorporated in 1998 and, on 29 April 1999, it changed its name to Parity Group plc. On 28 June 1999, the Company became the new holding company of the Group. During 1994 the Company carried out a 7 for 1 rights issue to fund the acquisition of CSS-Trident and move to the Official List. There were a number of further large equity issues in the 1990's in order to fund acquisitions. In 2003, the Company carried out a £10m rights issue after a period of loss and in 2006 the Company carried out an emergency rights issue at 2 pence per Ordinary Share and then a 25:1 reduction in the number of Ordinary Shares in issue.

Following a strategic review undertaken at the end of 2004, the results of which were announced in April 2005, Parity started to focus its operations on the UK IT services market. As a result there have been a number of disposals of non UK operations, specifically the disposal of the US activities of the Group in November 2005 and the disposal of substantially all of its operations in mainland Europe in January 2006. Following these disposals, the Group's operations are now concentrated in the UK and the Republic of Ireland.

2. Products and services

(a) Parity Resources

Resources, the largest business unit of the Company, is a leading IT recruitment specialist in the UK by revenue, providing permanent and contract technology staff, temporary staff and managed recruitment services to a wide range of clients in the public and private sectors.

Resources maintains an important data base of nearly 250,000 freelance IT contractors, and has instant access to further skills through the internet and a range of specialist web sites. Individual sales staff also tend, over time, to know a group of contractors with specific skills who they have placed successfully before and this too helps to ensure the quality of the offering.

Framework agreements provide the bulk of the divisions business. In these cases Resources competes to be selected as a supplier for a number of years for a customer. Selected suppliers will have proposed a range of prices relating to staff types and seniority, and customers will call off requirements over the framework duration through the period. Whilst being secure, long term business, this is not the area of highest margin, being highly competitive, although much more than price is normally taken into account.

The so-called "Spot" market, offering better margins, is for individual quick requirements from any type or size of customer, where speed of response, agency reputation and fast access to contractors are key elements. Often these involve specialist skills and, for instance, the Company has a strong reputation for placing project management staff, often very senior staff.

The services offered include:

- Framework IT staff supply
- Spot instant requirement IT staff supply
- Permanent IT staff recruitment

- Managed IT staff services
- Interim IT management
- Project IT managers

Resources also works with its sister division when it quotes for large projects which require both permanent Parity management and senior staff and contractors to provide specialist skills. This virtual workforce offering allows Parity to bid for relevant IT projects with a wide variety of skill requirements, and also allows the business to very quickly build a required team if successful in winning a contract.

(b) Parity Solutions

With its in-house technical expertise and project management experience, this business unit has in the past successfully delivered a large number of IT solutions for blue chip companies and public sector organisations. Solutions has positioned itself as both a primary and secondary contractor on projects and programmes that utilise its areas of expertise and experience. Parity's core capabilities are with Microsoft and Oracle technologies and project and programme management. Parity is a Gold partner of Microsoft and a systems integration Gold partner of Oracle. The business unit has also provided a number of specialist services that utilise the broader capabilities of the Group, ranging from managed service provision for the procurement of training and staffing through to full outsourced services for applications management and specialist graduate recruitment programmes.

Parity Solutions has two business streams which will be reported separately for 2011:

- (i) **Parity Systems** now offers innovative technology solutions designed around client requirements, including Cloud solutions, business intelligence, database solutions and collaborative information management. The division has a close relationship with global product vendors who provide the software products and tools that underpin the solutions offered.

The delivery model relies on core staff based in Great Britain, with a small operation in Northern Ireland (offering cost benefits without the complexity of a fully offshore model) along with the use of associates and contractors to create a flexible but high quality workforce. The Virtual Workforce concept as described under Resources above is an important leadership edge for Parity Systems.

Parity Systems no longer takes on large fixed-price contracts, for two reasons. Firstly, it does not have the size to justify the necessary project overheads for bidding and managing very large projects. Secondly, the IT services market is changing with a trend towards smaller project phases due to technology changes and past industry-wide experience, particularly in certain very large government procurements. This matches with the style of service the division now offers, and has resulted in successful bids since the change in bid policy.

- (ii) **Parity Talent Management ("TM")** works with clients to recruit, develop and grow their talent through improving skills and capability early in employees' careers.

In particular this business unit has two major contracts:

- The Cabinet Office re-awarded TM last year the management of its Fast Stream process, which manages the 30-40,000 graduate applicants for permanent civil service positions. Using the web and a range of tools, TM works with its customer to select approximately 400 graduates who are offered employment across the Civil Service each year.
- In Belfast, TM has worked for over 19 years with the Northern Irish government on selecting and training approximately 200 graduates from the higher education sector and placing them within local industry. The training consists of a short eight week intensive course on how a business operates; a mini MBA intended to turn raw graduates into immediately useful corporate people. The course is underpinned by Northern Irish government funding and has been viewed as a success because approximately 95 per cent. of graduates gain full time employment, post programme.

The TM business unit is extending its services in Northern Ireland with projects for local and international businesses, built around its graduate selection, training and placement services.

3. Key market sectors

(a) Market Trends

Most of Parity's revenues are derived from the UK with the following major trends having been seen in the UK IT services market in recent months:

- Government and Public Sector spending has declined significantly as a result of general spending cuts initiated by the new coalition Government. There are some signs that in certain areas spending is beginning to recover but overall expenditure remains depressed compared with a year ago.
- Growth in certain commercial sectors, such as financial services and manufacturing, has supported our initiatives to expand our activities further into commercial markets thereby increasingly starting to compensate for public sector spend reductions.

(b) Parity Resources

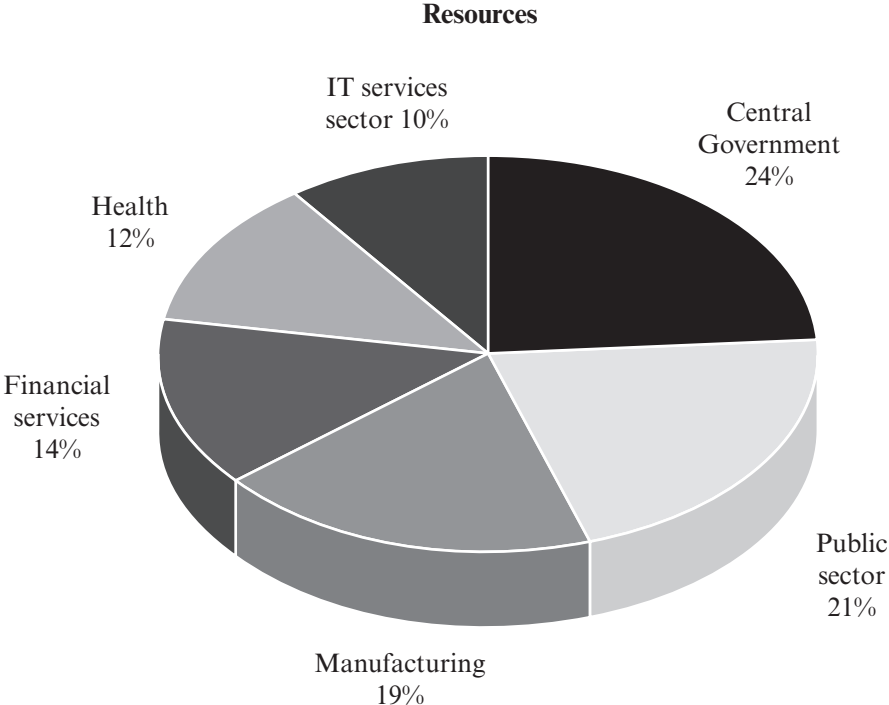
The business unit is one of the largest suppliers (measured by revenue) of IT staff through the relevant sections of the government's Buying Solutions framework. Its key markets comprise:

- Central government – 24%
- Public sector – 21%
- Manufacturing – 19%
- Financial services – 14%
- Health – 12%
- IT services sector – 10%

The Directors believe that the business unit has the ability to offer tailored solutions to a client's more complex IT resourcing requirements and that this enables the business unit to win a wide variety of resourcing contracts, as supported by a number of clients. By managing the balance of resourcing business between higher volume, larger clients and the "spot" instant requirement market, together with retaining a modest position in permanent IT staff recruitment, the Directors believe that Resources has a competitive position in its markets.

Through targeting growth sectors, a wide-ranging capability, the "virtual workforce" offering, and helped by the Group's reputation in talent management, the Directors believe that Resources can achieve revenue growth and continue to build and retain strong long-term client relationships. Further margin improvement is also aided by the Company's agile market positioning whilst improvements are strongly related to the overall economic environment.

In 2010, approximately 57 per cent. of Parity Resources’ revenue was derived from central Government and the public sector, with the remainder coming from a number of commercial sectors. The total revenue split by sector was as follows:



Source: Parity Systems

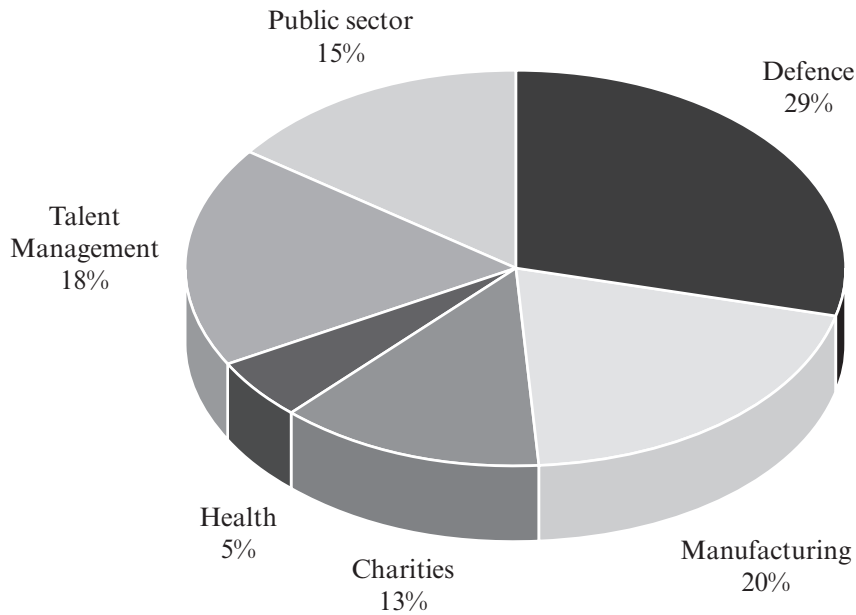
(c) Parity Solutions

In 2010, Parity Solutions provided consultancy, systems development, application management and talent management services to a broad range of UK government, public sector and industrial customers, such as:

- Defence (particularly project management services) – 29%
- Manufacturing – 20%
- Charities (an area of particular experience) – 13%
- Health – 5%
- Talent Management – 18%
- Public sector – 15%

In 2010, 49 per cent. of Parity Solutions business was derived from Government and the public sector.

Solutions



Source: Parity Systems

In Parity Systems, the key to driving growth in the business will be reputation, retaining customers, a focus on the business unit's strengths, skills and experience, and evolving the skills and offerings as the technology changes and with it significant step changes in requirements. The decision to move away from the fixed price contracting arena, where the Company had recently been making significant losses, has removed a certain area of business opportunity. However, the Directors believe this will be replaced as we move further towards the more profitable consultancy and business intelligence solutions, together with the moves into latest industry and technology trends.

Parity Systems intends to create a reputation for leading edge services both in moving organisations to the Cloud (the way forward for Business Process Outsourcing) and in the development of new marketing solutions on the web using leading edge products. The Directors believe that an early move into these latest trend areas will provide them with a strong competitive edge as the IT services industry evolves to meet these fundamental changes in information technology and its application.

Currently, Parity is working to create a Technology Lab with skills in the very latest new technology. These include areas such as visualisation, Apps, augmented reality and the new wave of possible IT solutions available as the next internet evolution allows the web to become the key marketing channel for every organisation.

TM's current business is supported by the Northern Ireland government and by central UK government. TM has recently been moving out into the provision of its services to a range of industrial customers across the UK. Services offered to industry include both graduate selection and training; the latter to be offered in Great Britain as well as in Northern Ireland. The move from full government support to providing graduate talent management services directly to corporates is the key strategy of this business unit, together with forming close relationships with universities.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in the letter set out in Part I: “Letter from the Chairman” of this document, the Company is proposing to issue 30,434,783 New Ordinary Shares under the Issue to raise approximately £7 million (before expenses).

Upon completion of the Issue, the New Ordinary Shares will represent approximately 44.3 per cent. of the Enlarged Share Capital and the Existing Ordinary Shares will represent approximately 55.7 per cent. of the Enlarged Share Capital. New Ordinary Shares issued through the Placing and Open Offer and New Ordinary Shares issued as part of the Firm Placing will account for approximately 13.9 per cent. and 30.4 per cent. respectively, of the Enlarged Share Capital.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying non-CREST Shareholders is the close of business on 9 May 2011. An Application Form for Qualifying Non-CREST Shareholders accompanies this document. Open Offer Entitlements (and Excess CREST Open Offer Entitlements) are expected to be credited in CREST to stock accounts of Qualifying CREST Shareholders on 12 May 2011. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer (and as the case may be Excess Application Facility) and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 25 May 2011 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 31 May 2011.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Shares up to a maximum number of Excess Shares equal to 4 times the number of Ordinary shares held as at the Record Date. Further details in relation to the Excess Application Facility are set out in paragraphs 4.1(d) and 4.2(j) of this Part III and, for Qualifying Non-CREST Shareholders, the Application Form. If Qualifying shareholders wish to apply for more shares under the Excess Application Facility than is stated in Box 4 for certificated Shareholders or credited to their CREST account, they should contact the Equiniti shareholder helpline. The Company reserves the right, in its absolute discretion, to allow for applications for Open Offer Shares in excess of the maximum Excess Shares stated in Box 4 of the Application Form.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraphs 4.1 and 4.2 of this Part III: “Terms and Conditions of the Open Offer” which gives details of the procedure for application and payment for the Open Offer Shares and any additional shares applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Company is proposing to issue up to 9,561,696 Open Offer Shares at the Issue Price subject to Admission, in respect of valid applications by Qualifying Shareholders. Application will be made to the FSA for the Open Offer Shares to be admitted to listing on the Official List, and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 9,561,696 Open Offer Shares *pro rata* to their current holdings at the Issue Price in accordance with the terms of the Open Offer. **Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full.**

The Open Offer Shares have been placed subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

in excess of their Open Offer Entitlement under the Excess Application Facility, and thereafter made available under the Placing (with the proceeds in each case being retained for the benefit of the Company). The Open Offer Shares have been placed subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 12 May 2011.

The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares of the Company. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Open Offer

The Issue is conditional upon, amongst other things, the approval of the Resolutions at the General Meeting, the Placing Agreement becoming unconditional in all respects (save for the condition relating to Admission) and Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 31 May 2011 (or such later time and date as the Company and Singer Capital Markets may agree, not being later than 5.00 p.m. on 12 July 2011). A summary of the Placing Agreement is set out in paragraph 15 of Part VI of this document.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by no later than 3 June 2011. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 8.00 a.m. on 31 May 2011.

Applications will be made for the Open Offer Shares to be admitted to listing on the Official List and to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to occur on 31 May 2011, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be credited to a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the UKLA and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4. Procedure for application and payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your Open Offer Entitlement under the Open Offer or you have an Open Offer Entitlement and an Excess CREST Open Offer Entitlement credited to your CREST stock account.

Qualifying Shareholders who hold all their Existing Ordinary Shares in certificated form will receive the Application Form. The Application Form shows the number of Existing Ordinary Shares held by that Qualifying Shareholder at the Record Date. It will also show Qualifying Shareholders the number of

Open Offer Shares and Excess Shares available under their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(f) of this Part III: “Terms and Conditions of the Open Offer”.

CREST sponsored members should refer to their CREST sponsor as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not wish to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST. Qualifying Shareholders are, however, encouraged to vote at the General Meeting either by attending in person or by appointing a proxy or proxies for the General Meeting by using the CREST electronic proxy appointment service.

4.1 *If you have an Application Form in respect of your Open Offer Entitlement under the Open Offer*

(a) *General*

Subject as provided in paragraph 6 of Part III: “Terms and Conditions of the Open Offer” in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form, setting out:

- (i) in Box 1, the number of Existing Ordinary Shares registered in such persons’ name at the Record Date (on which a Qualifying Non-CREST Shareholder’s entitlement to Open Offer Shares is based);
- (ii) in Box 2, the maximum number of Open Offer Shares for which such persons are entitled to apply under the Open Offer, taking into account that they will not be entitled to take up any fraction of a New Ordinary Share arising when their entitlement was calculated such entitlement being rounded down to the nearest whole number, as shown by the total number of Open Offer Entitlements allocated to them set out in Box 2;
- (iii) in Box 3, how much they would need to pay if they wish to take up their Open Offer Entitlement in full;
- (iv) in Box 4, the maximum number of Excess Shares under the Excess Application Facility. This will be equal to 4 times the number of Ordinary Shares held as at the Record Date, although the Company has the discretion to allow for applications in excess of that number;
- (v) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (vi) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 9,561,696, applications under the Excess Application Facility will be scaled back *pro rata* to existing shareholdings.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the time and date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer (being 8.00 a.m. on 11 May 2011). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims. The latest time and date for splitting Application Forms, pursuant to *bona fide* market claims, is 3.00 p.m. on 23 May 2011. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 5 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into any Prohibited Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2(b) below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for additional Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 9,561,696, applications under the Excess Application Facility will be scaled back *pro rata* to existing shareholdings.

Completed Application Forms should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal business hours only) to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 25 May 2011, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker’s draft made payable to Equiniti Limited re Parity Group plc Open Offer and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying, funds. It is recommended that

the account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Issue are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Issue does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Issue.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 25 May 2011; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 25 May 2011 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, Singer Capital Markets shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale to (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. Neither Singer Capital Markets or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

(d) The Excess Application facility

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Open Offer Shares in excess of their Open Offer Entitlement equal to 4 times the number of Ordinary shares held as at the Record Date. If Qualifying Shareholders wish to apply for more shares under the Excess Application Facility than is stated in Box 4, for certificated Shareholders or credited to their CREST account, they should contact the Equiniti shareholder helpline. The Company reserves the right, in its absolute discretion, to allow for applications for Open Offer Shares in excess of the maximum Excess Shares stated in Box 4 of the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to existing shareholdings.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Issue become unconditional and applications for Open Offer Shares exceed 9,561,696 Open Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility and from whom payment in full for Excess Shares has been received will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(e) *Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and Singer Capital Markets that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying, for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Singer Capital Markets that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirms to the Company and Singer Capital Markets that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including matters incorporated by reference);
- (iv) represents and warrants to the Company and Singer Capital Markets that he is the Qualifying Shareholder originally entitled to his Open Offer Entitlement or that he received such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company and Singer Capital Markets that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) requests that the Open Offer Shares, to which he will become entitled, be issued to him on the terms set out in this document and the Application Form subject to the articles of association of the Company;
- (vii) represents and warrants to the Company and Singer Capital Markets that he is not, nor is he applying on behalf of, any person who is in, or is a citizen or resident, or is a corporation, partnership or other entity created or organised in or under any laws, of any Prohibited Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Prohibited Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been

provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (viii) represents and warrants to the Company and Singer Capital Markets that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986: and
- (ix) confirms that in making the application he is not relying and has not relied on Singer Capital Markets or any person affiliated with Singer Capital Markets in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

(f) Incorrect or incomplete applications

If an Application Form includes a payment for an incorrect sum, the Company reserves the right:

- (i) to reject the application in full and refund the payment to the applicant (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the applicant (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the Application Form, refunding any unutilised sum to the applicant (without interest).

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or you can contact the Receiving Agent on 0871 384 2277 between 8.30 a.m. and 5.30 p.m. Monday to Friday from within the UK or +44 121 415 0189 if calling from outside the UK. Calls to the 0871 384 2277 number are charged at 8p per minute from a BT landline. Other service providers' costs may vary. Calls to the +44 121 415 0189 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes. Please note the Receiving Agent will be unable to give advice on the merits of the Open Offer or to provide any financial, legal, tax or investment advice.

Qualifying Non-CREST Shareholders who do not wish to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 4.2(f) below for more information.

4.2 *If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

(a) General

Subject as provided in paragraph 6 of Part III: "Terms and Conditions of the Open Offer" in relation to certain Overseas Shareholders, each Qualifying, CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Open Offer Shares for which he is entitled to apply to acquire under the Open Offer and also an Excess CREST Open Offer Entitlement. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down.

If Qualifying shareholders wish to apply for more shares under the Excess Application Facility than is stated in Box 4, for certificated Shareholders or credited to their CREST account, they should contact the Equiniti shareholder helpline. The Company reserves the right, in its absolute discretion, to allow for applications for Open Offer Shares in excess of the maximum Excess Shares stated in Box 4 of the Application Form.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlement and Excess CREST Open Offer Entitlement have been allocated.

If for any reason the Open Offer Entitlement and/or the Excess CREST Open Offer Entitlement cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 5.00 p.m. on 12 May 2011, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent on telephone number 0871 384 2277, between 8.30 a.m. and 5.30 p.m. on any Business Day from within the UK or +44 121 415 0189 if calling from outside the UK. Calls to the 0871 384 2277 number are charged at 8p per minute from a BT landline. Other service providers' costs may vary. Calls to the +44 121 415 0189 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes. Please note the Receiving Agent will be unable to give advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or to apply for Excess CREST Open Offer Entitlements or to provide any financial, legal, tax or investment advice.

If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Bona fide Market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlements and Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *Unmatched Stock Event ("USE") instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
 - (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.
- (d) *Content of USE instruction in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00B3V66659;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 6RA47;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA058901;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 25 May 2011; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 25 May 2011.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 25 May 2011 in order to be valid is 11.00 a.m. on that day.

In the event that the Issue does not become unconditional by 8.00 a.m. on 31 May 2011 or such later time and date as the Company and Singer Capital Markets determine (being no later than 5.00 p.m. on 12 July 2011), the Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) *Content of USE Instruction in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00B462BD78;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 6RA48;
- (vi) the member account ID of the Registrar in its capacity as a CREST receiving agent. This is RA058902;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 25 May 2011; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 25 May 2011.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contract name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 25 May 2011 in order to be valid is 11.00 a.m. on that day.

In the event that the Issue does not become unconditional by 8.00 a.m. on 31 May 2011 or such later time and date as the Company and Singer Capital Markets determine (being no later than 5.00 p.m. on 12 July 2011), the Issue will lapse, the Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including, timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 3.00 p.m. on 20 May 2011. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, (i) the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 20 May 2011 and (ii) the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 19 May 2011 – in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 25 May 2011. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and their Excess CREST Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed “Do you want to deposit your Open Offer Entitlements into CREST” on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not in, or citizen(s) or resident(s) of, any Prohibited Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) Validity of application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 25 May 2011 will constitute a valid application under the Open Offer.

(h) CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 25 May 2011. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) Incorrect or incomplete applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

(j) *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to existing shareholdings.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. **Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.**

Should the Issue become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 9,561,696 Open Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant’s sole risk. Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(k) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to the Company and Singer Capital Markets that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Singer Capital Markets to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent’s payment bank in accordance with the CREST payment

arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (iii) agrees with the Company and Singer Capital Markets that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
 - (iv) confirms to the Company and Singer Capital Markets that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including matters incorporated by reference);
 - (v) represents and warrants to the Company and Singer Capital Markets that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or that he has received such Open Offer Entitlement by virtue of a *bona fide* market claim;
 - (vi) represents and warrants to the Company and Singer Capital Markets that if he has received some or all of his Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
 - (vii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the articles of association of the Company;
 - (viii) represents and warrants to the Company and Singer Capital Markets that he is not, nor is he applying on behalf of, any Shareholder who is in, or is a citizen or resident, or is a corporation, partnership or other entity created or organised in or under any laws of, any Prohibited Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Prohibited Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
 - (ix) represents and warrants to the Company and Singer Capital Markets that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
 - (x) confirms that in making the application he is not relying and has not relied on Singer Capital Markets or any person affiliated with Singer Capital Markets in connection with any investigation of the accuracy of any information contained in this document or his investment decision.
- (1) *Company's discretion as to the rejection and validity of applications*
The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III: "Terms and Conditions of the Open Offer";
 - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in

substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

(m) Lapse of the Open Offer

In the event that the Issue does not become unconditional by 8.00 a.m. on 31 May 2011 or such later time and date as the Company and Singer Capital Markets may agree (being no later than 5.00 p.m. on 12 July 2011), the Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

Qualifying CREST Shareholders who do not wish to apply for the Open Offer Shares under the Open Offer should take no action and should not send a USE message through CREST. Qualifying CREST Shareholders are, however, encouraged to vote at the General Meeting either by attending in person or by appointing a proxy or proxies for the General Meeting by using the CREST electronic proxy appointment service.

5. Money laundering regulations

5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the “relevant Open Offer Shares”) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity

requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting, CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent and Singer Capital Markets from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering, Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (or its pounds sterling equivalent).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Equiniti Limited re: Parity Group plc Open Offer A/C" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong, Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the USA and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact the Receiving Agent between 8.30 a.m. and 5.30 p.m. Monday to

Friday. The telephone number of the Receiving Agent is 0871 384 2277 if calling from within the UK or +44 121 415 0189 if calling from outside the UK. Calls to the 0871 384 2277 number are charged at 8p per minute from a BT landline. Other service providers' costs may vary. Calls to the +44 121 415 0189 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes. Please note the Receiving Agent will be unable to give advice on the merits of the Open Offer, or as to whether applicants should take up their Open Offer Entitlements or to apply for Excess CREST Open Offer Entitlements or to provide any financial, legal, tax or investment advice.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (or its pounds sterling equivalent) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 25 May 2011, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 *Open Offer Entitlements in CREST*

If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlement or Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to the Company, the Receiving Agent and Singer Capital Markets to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. **Overseas Shareholders**

This document has been approved by the FSA, being the competent authority in the United Kingdom. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 *General*

The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents

in or nationals of, countries other than the United Kingdom's may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or Singer Capital Markets or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares or New Ordinary Shares to be issued under the Offer for Subscription) in any jurisdiction where action for that purpose may be required.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Form into any Prohibited Territory.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

The Application Form will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in a Prohibited Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company nor Singer Capital Markets, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer

Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company or Singer Capital Markets determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III: “Terms and Conditions of the Open Offer” and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from or in relation to a Prohibited Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares (or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be), in a Prohibited Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker’s drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Prohibited Territories, and subject to certain exceptions, Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Prohibited Territory will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements.

6.2 *United States*

The New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the New Ordinary Shares, that they are not, and that at the time of acquiring the New Ordinary Shares they will not be, in the United States or acting on behalf of, or for the

account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any New Ordinary Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any New Ordinary Shares may be transferred. In addition, the Company and Singer Capital Markets reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Ordinary Shares.

In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating, in the Issue) may violate the registration requirements of the Securities Act.

6.3 *Prohibited Territories*

Due to restrictions under the securities laws of the Prohibited Territories and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Prohibited Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Prohibited Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Prohibited Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Prohibited Territory except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Application Form into any Prohibited Territory.

6.4 *Other overseas territories*

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Prohibited Territories may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form.

Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

6.5 *Representations and warranties relating to Overseas Shareholders*

(a) Qualifying Non-CREST Shareholders

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Singer Capital Markets and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting

registration of the relevant Open Offer Shares from within any Prohibited Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Prohibited Territory (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Registrar may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Prohibited Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Prohibited Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (a).

(b) Qualifying CREST Shareholders

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III: “Terms and Conditions of the Open Offer” represents and warrants to the Company, Singer Capital Markets and the Receiving Agent that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within any Prohibited Territory; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within any Prohibited Territory (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.6 *Waiver*

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and/or Singer Capital Markets in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. **Withdrawal rights**

There are only limited rights of withdrawal associated with the Issue. Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q (4) of FSMA after the issue by the Company of a prospectus supplementary to this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited post or by hand only (during normal business hours only) with the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by facsimile to the Receiving Agent (please call the Receiving Agent on 0871 384 2277 (calls to this number are charged at 8p per minute from a BT landline, other telephone provider costs may vary) or, if calling from outside the UK on +44 121 415 0189 for further details) so as to be received before the end of the withdrawal period. Notice of withdrawal given by any other means or which is deposited with the Registrar after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares

to such person becoming unconditional save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

8. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 31 May 2011. Applications will be made to the UKLA for the Open Offer Shares to be admitted to listing on the Official List and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the London Stock Exchange's main market a for listed securities. It is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 31 May 2011.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 25 May 2011 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilizing the CREST application procedures and whose applications have been accepted by the Company. On 31 May 2011, the Registrar will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 31 May 2011). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares validly applied for (including Excess Shares successfully applied for under the Excess Application Facility) are expected to be despatched by post by no later than 3 June 2011. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Application Form.

9. Times and Dates

The Company shall, in agreement with Singer Capital Markets and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the UKLA, and make an announcement on a Regulatory Information Service approved by the UKLA and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

10. Further information

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

11. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares, whether by way of their Open Offer Entitlement or through the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV

OPERATING AND FINANCIAL REVIEW

For information in respect of the financial condition and results of operations of the Parity Group as of and for the years ended 31 December 2008, 31 December 2009 and 31 December 2010, please see the section below entitled "Information incorporated by reference".

Information incorporated by reference

The key information that comprises the discussion of the Company's current trading and prospects can be found in the Letter from the Chairman of the Company contained in Part I of this document.

The key information that comprises the operating and financial review of the Company for the year ended 31 December 2010 can be found on pages 3 to 7 of its Annual Report and Accounts for 2010 and is incorporated by reference herein.

The key information that comprises the operating and financial review of the Company for the year ended 31 December 2009 can be found on pages 7 to 13 of its Annual Report and Accounts for 2009 and is incorporated by reference herein.

The key information that comprises the operating and financial review of the Company for the year ended 31 December 2008 can be found on pages 7 to 15 of its Annual Report and Accounts for 2008 and is incorporated by reference herein.

Where documents incorporated by reference themselves incorporate information by reference to further documents, these further documents do not form part of this prospectus.

See Part VI of this document for further details about information that has been incorporated by reference into this document.

Capital Resources and Liquidity Management

The Parity Group looks to finance its operations by a combination of shareholders' funds, cash generated from operations and asset based lending facilities.

Given the current financial position of the Parity Group, the Parity Group currently funds the majority of its operations from its asset based lending facilities. The Parity Group has in place a facility which allows the Group to borrow against both invoices issued and accrued revenue with a maximum facility limit of £15 million, which was arranged in December 2010 for an initial period of three years. As at 29 April 2011, the Parity Group had drawn down £7.6 million, all of which is due within one year. As at 29 April 2011, the Parity Group's net debt was £7.8 million (an increase of £1.6 million from 31 December 2010).

The facility is secured by a charge over the trade debtors of certain subsidiaries within the Parity Group. Borrowings under the facility carry a floating interest rate linked to LIBOR.

As described in paragraph 3 of Part I of this document, it has become clear to the Board of Parity Group that it is necessary to raise additional funds in order to reduce reliance on debt facilities, allow further cost reduction action, to provide additional working capital and funds to invest in initiatives aimed at new growth markets. Over half of the Net Proceeds are intended to be used on the Group's new initiatives, such as recruiting top management and a new advanced applications initiative in the Systems division.

Further information on the Parity Group's cash inflows and outflows during the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 is given in Part V of this document.

Financial covenants are attached to the facilities covering the ratio of EBITDA to Interest Paid and Payable. There has been no breach of the covenants.

During the year ended 31 December 2010 net debt decreased by £3.7 million to £6.1 million. During the year exceptional costs were incurred in connection with the restructuring programme of £1.8 million, principally relating to staff termination costs. The net cash generated from operating activities was £4.1 million, partly resulting from improved working capital management. Net interest payments were £0.3 million, fixed asset expenditure was negligible and payments of £0.8 million were made to fund the deficit on the Group's pension scheme.

Net debt does not show material seasonal variation but there is typically a peak in the middle of every month when the majority of contractor payments are made before falling at the end of the month as client payments are collected.

The Parity Group's policies and procedures on treasury related activities are managed centrally and the Directors regularly review policies for managing each of these risks. The main risks arising from the Parity Group's financial instruments are interest rate risk and liquidity risk. The Parity Group does not currently use complex financial instruments in the management of these exposures and the policies used are summarised below:

Interest rate risk – the majority of the Parity Group's borrowings are managed centrally and the low interest environment in the UK has meant that the Parity Group has continued to keep all of its borrowings at floating rates of interest during the period under review. Financial derivatives are not currently used in managing interest rate exposures.

Liquidity risk – the Parity Group ensures sufficient headroom is maintained in its debt facilities to enable the achievement of strategic objectives whilst taking into account the impact of short-term business cycle fluctuations on liquidity. Facilities are reviewed on a regular basis.

Further information on the Parity Group's treasury related activities is given in the Annual Report & Accounts. For the avoidance of doubt, nothing in this section headed Capital Resources constitutes a qualification of the working capital statements contained in paragraph 13 of Part VI of this document.

PART V
FINANCIAL INFORMATION ON THE COMPANY
SECTION A

1. Financial Statements for Financial Period Ended 31 December 2008, 31 December 2009 and 31 December 2010

The published Financial Statements of the Company prepared in accordance with International Financial Reporting Standards for the financial periods from 1 January 2008 to 31 December 2008, 1 January 2009 to 31 December 2009 and 1 January 2010 to 31 December 2010, in respect of which the Company's auditors, BDO LLP made unqualified opinions, except that the report on the financial statements for the year ended 31 December 2010 included an emphasis of matter in relation to the disclosures made concerning the Group's ability to continue as a going concern, and have been delivered to the Registrar of Companies in England and Wales are incorporated by reference into this document.

The financial information for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 as set out below has been extracted without material adjustment from, and should be read in conjunction with the Group's audited consolidated financial statements included in its Annual Report and Accounts for each of the years ended 31 December 2008, 31 December 2009 and 31 December 2010, which are incorporated by reference into this document.

2. Historical financial Information

The published Financial Statements of the Company for the financial periods ended 31 December 2008, 31 December 2009 and 31 December 2010 (each of which are incorporated into this document by reference) included the information below:

Change in accounting policy: Pension accounting

The Group operates a defined benefit pension scheme that is closed to new entrants and to future service accrual. Prior to 2010, the expected return in scheme assets was included within operating costs in the Consolidated Income Statement and the unwinding of the discount on scheme liabilities was included as a finance cost. In order to give a clearer view of operating performance the presentation has been changed in 2010 and return on scheme assets is now included in finance income and the unwinding of the discount on plan liabilities in finance costs. The comparative figures for the year ended 31 December 2009 were also adjusted in the 2010 financial statements and the restated figures are included in the summary tables below.

As a result of this change in accounting policy the following adjustments were made to the consolidated financial statements:

	<i>2009</i>	<i>2010</i>
Increase operating expenses	670	773
Increase finance income	670	773

There was no impact on the overall result or the statement of financial position.

Consolidated Income Statements

	<i>Year ended</i> <i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Restated</i> <i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>£'000</i>
Revenue	132,278	119,024	119,024	92,963
Operating expenses	<u>(129,641)</u>	<u>(117,845)</u>	<u>(118,515)</u>	<u>(97,743)</u>
Operating (loss)/profit	2,637	1,179	509	(4,780)
Analysed as:				
Operating profit/(loss) excluding exceptional items	3,008	1,450	780	(2,642)
Exceptional items	<u>(371)</u>	<u>(271)</u>	<u>(271)</u>	<u>(2,138)</u>
	2,637	1,179	509	(4,780)
Finance income	1	4	674	773
Finance costs	<u>(1,316)</u>	<u>(1,203)</u>	<u>(1,203)</u>	<u>(1,236)</u>
(Loss)/Profit before taxation	1,322	(20)	(20)	(5,243)
Write down of deferred tax asset	–	(300)	(300)	–
Other taxation	(129)	545	545	20
Analysed as:				
Tax credit/(expense) excluding exceptional items	(236)	469	469	20
Tax credit on exceptional items	<u>107</u>	<u>76</u>	<u>76</u>	<u>–</u>
	(129)	545	545	20
Profit for the year from continuing operations	1,193	225	225	(5,223)
Discontinued operations	(4,641)	(496)	(496)	(911)
Loss for the year attributable to equity holders of the parent	<u>(3,448)</u>	<u>(271)</u>	<u>(271)</u>	<u>(6,134)</u>
Loss per share (pence)				
Basic	(9.08p)	(0.71p)	(0.71p)	(16.15p)
Diluted	<u>(9.08p)</u>	<u>(0.71p)</u>	<u>(0.71p)</u>	<u>(16.15p)</u>

Consolidated Statements of Comprehensive Income

	<i>Year ended</i> <i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Restated</i> <i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>£'000</i>
Exchange differences on translation of foreign operations	(612)	781	781	61
Actuarial (loss)/gain on defined benefit pension scheme	116	(2,088)	(2,088)	299
Deferred taxation on actuarial gains on pension scheme taken directly to equity	(32)	–	–	(57)
Net income recognised directly in equity	<u>(528)</u>	<u>(1,307)</u>	<u>(1,307)</u>	<u>303</u>
Loss for the year attributable to equity holders of the parent	<u>(3,448)</u>	<u>(271)</u>	<u>(271)</u>	<u>(6,134)</u>
Total recognised expense for the year	<u><u>(3,976)</u></u>	<u><u>(1,578)</u></u>	<u><u>(1,578)</u></u>	<u><u>(5,831)</u></u>

Consolidated Balance Sheets

	<i>Year ended</i> <i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Restated</i> <i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>£'000</i>
ASSETS				
Non-current assets				
Intangible assets and Goodwill	4,661	6,124	6,124	5,796
Property, plant and equipment	1,343	1,159	1,159	870
Available for sale financial assets	130	117	117	134
Deferred income tax asset	1,813	1,535	1,535	1,498
Total non-current assets	<u>7,947</u>	<u>8,935</u>	<u>8,935</u>	<u>8,298</u>
Current assets				
Work in progress	638	451	451	237
Trade and other receivables	24,719	25,382	25,382	14,800
Cash and cash equivalents	369	128	128	245
Total current assets	<u>25,726</u>	<u>25,961</u>	<u>25,961</u>	<u>15,282</u>
Assets classified as held for sale	4,055	–	–	–
TOTAL ASSETS	<u><u>37,728</u></u>	<u><u>34,896</u></u>	<u><u>34,896</u></u>	<u><u>23,580</u></u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	15,079	15,079	15,079	15,079
Share premium	20,134	20,134	20,134	20,134
Other reserves	44,160	44,160	44,160	44,160
Retained earnings	(70,714)	(72,239)	(72,239)	(78,040)
TOTAL EQUITY	<u>8,659</u>	<u>7,134</u>	<u>7,134</u>	<u>1,333</u>
Non-current liabilities				
Provisions	(864)	(646)	(646)	(923)
Retirement benefit liability	(1,946)	(3,326)	(3,326)	(2,425)
Total non-current liabilities	<u>(2,810)</u>	<u>(3,972)</u>	<u>(3,972)</u>	<u>(3,348)</u>
Liabilities associated with assets classified as held for sale	(4,151)	–	–	–
Current liabilities				
Financial liabilities	(4,310)	(9,913)	(9,913)	(6,354)
Trade and other payables	(16,410)	(13,476)	(13,476)	(11,385)
Current tax liabilities	(944)	–	–	–
Provisions	(444)	(401)	(401)	(1,160)
Total current liabilities	<u>(22,108)</u>	<u>(23,790)</u>	<u>(23,790)</u>	<u>(18,899)</u>
TOTAL LIABILITIES	<u>(29,069)</u>	<u>(27,762)</u>	<u>(27,762)</u>	<u>(22,247)</u>
TOTAL EQUITY AND LIABILITIES	<u><u>37,728</u></u>	<u><u>34,896</u></u>	<u><u>34,896</u></u>	<u><u>23,580</u></u>

Consolidated Cash Flow Statements

	<i>Year ended</i> <i>31 December</i> <i>2008</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Restated</i> <i>Year ended</i> <i>31 December</i> <i>2009</i> <i>(Audited)</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>(Audited)</i> <i>£'000</i>
Cash flows from operating activities				
Net loss before income taxes	(3,448)	(271)	(271)	(6,134)
Adjustments for:				
Net finance cost	1,315	1,200	530	463
Income tax credit	129	(56)	(56)	(20)
Depreciation and amortisation	400	528	528	636
Impairment of intangible assets	–	–	–	49
Equity-settled share-based payments expense	(159)	54	54	30
Change in fair value of available-for-sale investment	–	13	13	(17)
Loss on sale of discontinued operations, net of tax	–	208	208	–
Cash from discontinued operations	3,696	–	–	–
Operating profit/(loss) before working capital changes	<u>1,933</u>	<u>1,676</u>	<u>1,006</u>	<u>(4,993)</u>
Decrease in work in progress	68	187	187	214
Decrease in trade and other receivables	6,005	595	595	10,588
(Decrease) in trade and other payables	(3,503)	(4,136)	(4,136)	(2,036)
(Decrease)/increase in provisions	(607)	(273)	(273)	1,036
Change in retirement benefit liability	(1,612)	(1,570)	(900)	(750)
Change in working capital from discontinued operations	1,613	–	–	–
Cash generated from operations	<u>3,897</u>	<u>(3,521)</u>	<u>(3,521)</u>	<u>4,059</u>
Interest paid	(488)	(337)	(337)	(315)
Tax received	100	1	1	–
Net cash generated from operating activities	<u>3,509</u>	<u>(3,857)</u>	<u>(3,857)</u>	<u>3,744</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(426)	(199)	(199)	(52)
Purchase of intangible assets	(65)	(1,654)	(1,654)	(16)
Net cash movement from sale of subsidiary undertakings	–	(265)	(265)	–
Net cash used in investing activities	<u>(491)</u>	<u>(2,118)</u>	<u>(2,118)</u>	<u>(68)</u>
Cash flows from financing activities				
Net movement on invoice financing	(3,085)	5,522	5,522	(3,559)
Movements on overdraft	–	81	81	–
Payment of capital element of finance lease	(2)	–	–	–
Net cash used in financing activities	<u>(3,087)</u>	<u>5,603</u>	<u>5,603</u>	<u>(3,559)</u>
Net (decrease)/increase in cash and cash equivalents	(69)	(372)	(372)	117
Cash and cash equivalents at the beginning of the year	770	500	500	128
Net foreign exchange movement	(201)	–	–	–
Cash and cash equivalents at the end of the year	<u><u>500</u></u>	<u><u>128</u></u>	<u><u>128</u></u>	<u><u>245</u></u>

3. Capitalisation and indebtedness

3.1 Capitalisation

The following table sets out the capitalisation of the Company as at 31 December 2010 and has been extracted without material adjustment from the Financial Statements of the Company for the financial year ended 31 December 2010:

	<i>31 December 2010 £'000</i>
<i>Shareholders' equity (excluding retained earnings)</i>	
Called up share capital	15,079
Share premium	20,134
Other reserves	44,160
Total capitalisation as at 31 December 2010	<u><u>79,373</u></u>

There has been no material change in the capitalisation of the Company since 31 December 2010.

3.2 Indebtedness

The following tables set out the gross indebtedness and net indebtedness of the Parity Group as at 29 April 2011. This information has been prepared by aggregating the indebtedness and the cash and cash equivalents of the entities that comprise the Parity Group and has been extracted without adjustment from the unaudited management accounts of the Company for the period ended 29 April 2011. These tables show the external indebtedness of the Parity Group and exclude balances between the entities that comprise the Parity Group. No adjustments have been made in the aggregation:

Gross Indebtedness

	<i>29 April 2011 £'000</i>
<i>Total current debt</i> (including current portion of long-term debt)	
Guaranteed	–
Secured	7,552
Unguaranteed/unsecured	304
Total current debt	<u><u>7,856</u></u>
<i>Total non-current debt</i> (excluding current portion of long-term debt)	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total non-current debt	–
Total indebtedness as at 29 April 2011	<u><u>7,856</u></u>

Net Indebtedness

	<i>29 April 2011 £'000</i>
Cash	76
Cash Equivalents	–
Trading Securities	–
Liquidity	<u>76</u>
Current receivables	–
Current bank debt	(304)
Other current financial debt	(7,552)
Current financial debt	<u>(7,856)</u>
Net current financial debt	(7,780)
Non-current financial debt	–
Other non-current financial debt	–
Long term financial indebtedness	<u>–</u>
Net financial indebtedness	<u>(7,780)</u>

There are no material indirect or contingent liabilities of the Parity Group as at 29 April 2011.

4. Statement of Net Assets and effect on earnings

As at 31 December 2010, the Company had consolidated net assets of £1.3 million. The effect of the Issue on the assets and liabilities of the Company at 31 December 2010 would have been to increase the shareholders' equity in the Company by £6.4 million and to increase the cash held by the Company by the same amount. This represents a significant gross change in the Company's net assets, which would also increase by £6.4 million. If the Issue had been undertaken on 1 January 2010 the Directors would have used the funds as described in paragraph 3 of Part I above in order to reduce the cost base of the Group and fund new initiatives, with the object of increasing the Company's earnings in that financial year and reducing the Company's reported loss for the period. Please refer to the pro forma statement of net assets set out in Section B of this Part V for an illustration of the effect of the Issue on the assets and liabilities of the Company.

5. Related Party Transactions

Save as disclosed on page 57 of the Financial Statements of the Company for the financial period ended 31 December 2010, page 72 of the Financial Statements of the Company for the financial period ended 31 December 2009 and page 87 of the Financial Statements of the Company for the financial period ended 31 December 2008, each of which are incorporated by reference into this document, the Company has not entered into any transactions with related parties during the period from 1 January 2008 to 31 December 2010.

The Company has not entered into any transactions with related parties during the period from 1 January 2011 to 10 May 2011 (being the latest practicable date prior to the publication of this document).

SECTION B

PRO-FORMA STATEMENT OF NET ASSETS

1. Unaudited pro forma statement of net assets of the Parity Group as at 31 December 2010

The following unaudited pro forma statement of net assets of the Parity Group (the “pro forma financial information”) is based on the consolidated net assets of the Parity Group as at 31 December 2010, set out in the audited consolidated financial statements of the Company for the year ended on that date, and has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Issue was completed on 31 December 2010.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Parity Group’s actual financial position or results.

The pro forma financial information has been prepared under International Financial Reporting Standards as adopted by the EU and on the basis set out in the notes set out below. The pro forma financial information is stated on the basis of the accounting policies adopted in the last consolidated financial statements of the Company.

	<i>The Parity Group As at 31 December 2010 (note 1) £'000</i>	<i>Adjustment Net Proceeds (note 2) £'000</i>	<i>Pro forma net assets of the Parity Group £'000</i>
Non-current assets	8,298	–	8,298
Current assets			
Debtors	15,037	–	15,037
Cash at bank and in hand	245	6,400	6,645
	15,282	6,400	21,682
Total assets	23,580	6,400	29,980
Current liabilities	(18,899)	–	(18,899)
Non-current liabilities	(3,348)	–	(3,348)
	(22,247)	–	(22,247)
Net assets	1,333	6,400	7,733

Notes:

1. The net assets of the Parity Group at 31 December 2010 have been extracted without material adjustment from the audited consolidated financial statements of the Company for the year ended 31 December 2010 which are incorporated by reference in this document.

Adjustments:

2. The Issue is estimated to raise Net Proceeds of £6.4 million (£7 million gross proceeds less estimated expenses of £0.6 million).

No account has been taken of the financial performance of the Parity Group since 31 December 2010, nor of any other event save as disclosed above.

**2. Report on the unaudited pro forma statement of net assets of the Parity Group as at
31 December 2010**



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Parity Group Plc
Wimbledon Bridge House
1 Hartfield Road
Wimbledon
London
SW19 3RU

11 May 2011

Dear Sirs

Parity Group Plc (the “Company”)

Pro forma financial information

We report on the unaudited pro forma net assets (the “Pro Forma Financial Information”) set out in Part V, Section B of the prospectus dated 11 May 2011 which has been prepared on the basis described in note 1, for illustrative purposes only, to provide information about how the firm placing, placing and open offer of shares might have affected the financial information presented on the basis of accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2010.

This report is required by item 20.2 of annex I of the Commission Regulation (EC) No. 809/2004 (the “PD Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source

documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PART VI

ADDITIONAL INFORMATION

1. Incorporation of the Company

- 1.1 The Company was incorporated on 2 April 1998 in England and Wales and registered under the Companies Act 1985 as a public limited company by shares with registered number 03539413 and with the name Actionreturn plc. On 30 April 1999, the Company changed its name to Parity Group plc. On 28 June 1999, a scheme of arrangement was entered into between Parity plc and the Company as a result of which the Company became the new holding company of the Group and Parity plc (now a private dormant company called Parity Limited) became a subsidiary of the Company.
- 1.2 The principal legislation under which the Company now operates is the Act and the regulations made thereunder.
- 1.3 The Ordinary Shares are admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange. The Company is thereby subject to the Listing Rules, Prospectus Rules and Disclosure and Transparency Rules of the UK Listing Authority and the rules of the London Stock Exchange.
- 1.4 The address of the registered office of the Company is Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU, with telephone number 0845 873 0790.
- 1.5 Audited Financial Statements for the Company for the year from 1 January 2008 to 31 December 2008, from 1 January 2009 to 31 December 2009 and from 1 January 2010 to 31 December 2010 (together with other historical financial information), are incorporated into this document by reference at paragraph 1 of Section A of Part V of this document.

2. The Company and its Subsidiaries

Save for dormant subsidiaries, the Company has the following subsidiary undertakings. Their activities, countries of incorporation, registered offices and the proportion of their share capital held (directly or indirectly) by the Company, are shown below:

<i>Name</i>	<i>Country of incorporation</i>	<i>Proportion of ownership interest</i>	<i>Principal Activity</i>
Parity Resources Limited	England and Wales	100%	Technology staffing services
Parity Solutions Limited	England and Wales	100%	IT and business services

3. Share Capital

- 3.1 The issued share capital of the Company as at the date of this document is 38,246,784 Ordinary Shares and 35,797,769,808 deferred shares of 0.04 pence each.
- 3.2 The Act abolishes the requirement for a company to have an authorised share capital through the repeal of section 2(5)(a) of the Companies Act 1985. The repeal of section 2(5)(a) took effect on 1 October 2009.
- 3.3 In the three years preceding the date of this document, the following changes to the issued share capital of the Company occurred:
 - 3.3.1 on 11 April 2011, the Company made application for 125,000 Ordinary Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock

Exchange, pursuant to an exercise of options. These Ordinary Shares were issued fully paid and rank *pari passu* in all respects with the Existing Ordinary Shares; and

- 3.3.2 on 1 March 2011, the Company made application for 100,000 Ordinary Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange, pursuant to an exercise of options. These Ordinary Shares were issued fully paid and rank *pari passu* in all respects with the Existing Ordinary Shares.
- 3.4 No further share or loan capital of the Company has been issued or, save pursuant to the Issue and the Option Agreement, agreed to be issued or is now proposed to be issued for cash or any other consideration and, save pursuant to the Issue and the Option Agreement, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital.
- 3.5 By an ordinary resolution of the Company passed on 2 June 2010, the Directors were granted, in substitution of any and all existing such authorities, a general and unconditional authority for the purposes of section 551 of the Act to allot Ordinary Shares in the Company or to grant rights to subscribe for, or convert security into, Ordinary Shares in the Company up to an aggregate nominal amount of £253,478 and up to an aggregate nominal amount of £253,478 in connection with a rights issue in favour of Shareholders where the equity securities respectively attributable to the interests of all Shareholders are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them, such authority to expire on conclusion of the annual general meeting of the Company to be held in 2011, save that the Company may, before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
- 3.6 By a special resolution of the Company passed on 2 June 2010, the Directors were empowered, pursuant to section 571 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority described in paragraph 3.5 above, up to the aggregate nominal amount of the rights issue referred to in the same paragraph and (otherwise than pursuant to the rights issue), up to an aggregate nominal amount of £38,021 as if Shareholders' pre-emption rights under section 561(1) of the Act did not apply to such allotment. This power expires at the conclusion of the annual general meeting of the Company to be held in 2011, save that the Company may, before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
- 3.7 At the end of 2010, the Company had authority, under the shareholders' resolution of 2 June 2010, to purchase in the market 3,802,178 of the Company's Ordinary Shares at prices ranging between 2 pence and an amount equal to 105 per cent. of the average of the middle market prices quoted in the five business days immediately preceding the day of purchase. No purchases were made during the year.
- 3.8 It is expected that the New Ordinary Shares to be issued pursuant to the Issue will be allotted pursuant to a resolution of the Board (or a duly authorised committee thereof) to be passed on or before, and conditional upon, Admission.
- 3.9 The following table sets out the issued and fully paid Ordinary Share capital of the Company as at 10 May 2011 (being the latest practicable date before the publication of this document) and as it will be (assuming that the maximum number of New Ordinary Shares is issued pursuant to the Issue) following the allotment and issue of 30,434,783 New Ordinary Shares under the Issue:

	<i>Issued and fully paid</i>	
	<i>Nominal Value</i>	<i>Number</i>
Number of Ordinary Shares prior to the Issue	£764,935.68	38,246,784
Proposed number of Ordinary Shares upon completion of the Issue	£1,373,631.34	68,681,567

- 3.10 The Ordinary Shares are admitted to trading on the London Stock Exchange's market for listed securities and are listed on the Official List. Applications have been made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities.
- 3.11 As at 10 May 2011 (being the latest practicable date before the publication of this document), Parity did not hold any treasury shares. No Ordinary Shares have been issued otherwise than as fully paid. The Ordinary Shares have a nominal value of 2 pence each.
- 3.12 The New Ordinary Shares issued pursuant to the Issue will be in registered form. The New Ordinary Shares will be capable of being held in certificated form or uncertificated form held through the CREST system operated by Euroclear. Temporary documents of title will not be issued. The records in respect of the New Ordinary Shares will be maintained by Equiniti Limited, as Registrar and CREST Service Provider, whose registered office appears on page 21.

4. Articles of Association

The following is a summary of the principal provisions of the current Articles of Association of the Company. By a special resolution of 14 May 2009, the Articles of Association of the Company were amended by deleting all the provisions of the memorandum of association, which, by virtue of section 28 of the Act, were to be treated as provisions of the Articles of Association.

4.1 *Capital structure*

The share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles. Under the Articles, the Directors are given authority to effect the issue of further shares of the same class and to create new classes of shares, and have discretion to accept or reject an application for shares.

4.2 *Variation of class rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles (but not otherwise).

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of Ordinary Shares be required to any variation or abrogation effected by a resolution on which only the holders of Ordinary Shares are entitled to vote.

4.3 *Alteration of Share Capital*

The Company may, from time to time, by ordinary resolution:

- (a) increase its share capital;
- (b) consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares;
- (c) cancel or reduce the nominal value of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled or the amount of the reduction; and
- (d) subject to the Acts, sub-divide its shares, or any of them, into shares of a smaller amount, and as between the holders of the shares resulting from the sub-division, any of them may have any preference or advantage or deferred rights or be subject to any restrictions as compared with the others.

4.4 *Purchase of own shares*

Subject to the provisions of the Acts, the Company may purchase its own shares (including any redeemable shares) and any shares to be so purchased may (subject to any resolution of the Company in general meeting) be selected by the Board in any manner.

4.5 *Reduction of capital*

Subject to the provisions of the Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve.

4.6 *Issue of Ordinary Shares*

Subject to the provisions of the Articles, unissued Ordinary Shares shall be at the disposal of the Board which may allot, grant options over (including, without limitation, by way of granting stock appreciation rights or other similar rights) or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that the amount payable on application on each share shall be fixed by the Board.

The rights attaching to the Ordinary Shares are as follows:

4.7 *Voting rights*

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he is the holder.

4.8 *Dividends*

Subject to the Acts and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend may be paid otherwise than in accordance with the Acts. The Board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend or other moneys payable in respect of a share may be paid:

- (a) in cash;
- (b) by cheque or warrant sent by post to the address in the Register of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the Register of that one of those persons who is first named in the Register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed "account payee" although the Company shall not be obliged to do so;
- (c) by bank transfer to such account (of a type approved by the Board) as the person or persons entitled to the moneys may in writing direct; or
- (d) by such other method of payment approved by the Board as the person or persons entitled to the moneys may in writing agree to.

4.9 *Redemption*

The Ordinary Shares do not carry a right to redemption by Shareholders.

4.10 *Form and transfer of shares*

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List of the UKLA, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:

- (a) duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the Transfer Office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;
- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of these Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing contained in these Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

4.11 *Directors*

Unless otherwise determined by the Board, the number of Directors shall be not less than two.

The Directors may be paid all travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or party of the undertaking of the Company or any subsidiary shall be exercised by the Board.

4.12 *Directors' interests*

A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board.

A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in Ordinary Shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any Director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

A Director may continue to be or become a director, managing director, manager or other officer, employee or shareholder of any company in which the Company may be interested, which may be promoted by the Company or with which the Company has entered into any transaction, arrangement or agreement and no such Director shall be accountable to the Company for any remuneration or other benefits received thereby.

4.13 *Disclosures of beneficial interests in shares*

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with Articles 122 and 123, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested.

4.14 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Subject to the following paragraph, the Articles do not include limits on the Company's power to borrow.

Subject to the provisions of these Articles, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and

future) and uncalled capital, or any part thereof, and, subject to the provisions of the Acts to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Group and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed a sum equal to five times the aggregate of:

- (a) the amount paid up on the issued share capital of the Company; and
- (b) the total of the capital and revenue reserves of the Group (including any share premium account, capital redemption and credit balance on the profit and loss account) in each case, whether or not such amounts are available for distribution,

all as shown in the latest audited consolidated balance sheet of the Group, but after:

- (a) making such adjustments as may be appropriate in respect of any variation in such amount paid up on the issued share capital or share premium account or capital redemption reserve or merger reserve since the date of such latest audited consolidated balance sheet and so that for this purpose if any issue or proposed issue of shares for cash or otherwise has been underwritten or otherwise agreed to be subscribed (for cash or otherwise) then, at any time when the underwriting of such shares or other agreement as aforesaid shall be unconditional, such shares shall be deemed to have been issued and the amount (including any premium) payable (or which would be credited as payable) in respect thereof (not being moneys payable later than six months after the date of allotment) shall be deemed to have been paid up to the extent that the underwriters or other persons are liable therefore;
- (b) deducting (to the extent included) any amounts distributed or proposed to be distributed (but not provided in such latest audited consolidated balance sheet) other than distributions attributable to the Company or any subsidiary undertaking;
- (c) adding back an amount equal to the goodwill and other intangible assets arising on the acquisitions of subsidiary undertakings and businesses which, as at the date of the relevant calculation, remain within the Company and its subsidiary undertakings and which have been written off against reserves in accordance with United Kingdom accounting practice;
- (d) excluding:
 - (i) any sums set aside for taxation; and
 - (ii) any amounts attributable to outside shareholders in subsidiary undertakings;
 - (iii) deducting any debit balance on the profit and loss account; and
 - (iv) making such adjustments (if any) as the Auditors may consider appropriate.

For the purpose of the foregoing limit “moneys borrowed” shall be deemed to include the following except in so far as otherwise taken into account (together in each case with any fixed or minimum premium payable on final redemption or repayment):

- (a) the principal amount for the time being owing (other than to a member of the Group) in respect of any loan capital, whether secured or unsecured, issued by a member of the Group in whole or in part or cash or otherwise;
- (b) the principal amount raised by any member of the Group by acceptances or under any acceptance credit opened on its behalf by any bank or accepting house other than acceptances relating to the purchase of goods in the ordinary course of trading and outstanding for not more than 90 days;
- (c) the nominal amount of any issued share capital, and the principal amount of any moneys borrowed or other indebtedness, the redemption or repayment of which is guaranteed or secured or is the subject of an indemnity given by any member of the Group and the beneficial interest in the redemption or repayment of which is not owned within the Group; and

- (d) the nominal amount of any issued share capital (not being equity share capital which as regards capital has rights no more favourable than those attached to its ordinary share capital) of any subsidiary undertaking owned otherwise than by other members of the Group,

but “moneys borrowed” shall not include and shall be deemed not to include:

- (a) amounts borrowed for the purpose of repaying the whole of any part (with or without premium) of any monies borrowed by any member of the Group then outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and
- (b) the proportion of the excess outside borrowing of a partly owned subsidiary undertaking which corresponds to the proportion of its equity share capital which is not directly or indirectly attributable to the Company and so that, for this purpose, the expression “excess outside borrowing” shall mean so much of the monies borrowed by such partly owned subsidiary undertaking otherwise than from members of the Group as exceeds the monies borrowed (if any) from and owing to it by other members of the Group.

When the aggregate amount of moneys borrowed required to be taken into account for the purposes of this Article on any particular day is being ascertained, any of such monies denominated or repayable (or repayable at the option of any person other than the Company or any subsidiary undertaking) in a currency other than sterling shall be translated, for the purpose of calculating the sterling equivalent, at the rate(s) of exchange prevailing on that day in London, or on the last business day six months before such day if thereby such aggregate amount would be less (and so that for this purpose the rate of exchange prevailing shall be taken as the spot rate in London quoted at or about 11.00a.m. on the day in question by a London clearing bank, approved by the Directors, as being the rate for the purchase by the Company of the currency and amount in question for sterling).

A certificate or report by the Auditors as to the amount of the limit in the Articles or the aggregate amount of monies borrowed falling to be taken into account under the Articles or to the effect that the limit imposed by the Article has not been or will not be exceeded at any particular time or times or during any period shall be conclusive evidence of such amount or fact for the purposes of this Article.

No lender or other person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or inquire whether the said limit is observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender to the lender or the recipient of the security at the time when the debt was incurred or security given that the said limit has been or would thereby be exceeded.

4.15 *Annual General Meetings and General Meetings*

An annual general meeting shall be held at such time and place as the Board may determine. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the Acts, shall forthwith convene a general meeting. If there are not sufficient Directors capable of acting to call a general meeting, any Director may call a general meeting. If there is no Director able to act, any two members may call a general meeting for the purpose of appointing Directors.

A general meeting and a meeting called for the passing of a special resolution shall be called by at least 21 days' clear notice in writing. A Meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by these Articles, to any person entitled to receive notice, or the

non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

4.16 *Annual Report and Accounts*

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the Auditors' report and the Directors' report and any other documents required to accompany or to be annexed to them shall, not less than 21 clear days before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent:

- (a) to a person who is not entitled to receive notices of general meetings and of whose address the Company is unaware; or
- (b) to more than one of the joint holders of shares or debentures in respect of those shares or debentures,

provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

The Company may send a summary financial statement to any of the persons otherwise entitled to be sent copies of the documents referred to in the Articles instead of or in addition to those documents and, where it does so, the statement shall be delivered or sent to such person not less than 21 clear days before the general meeting at which copies of those documents are to be laid.

4.17 *Winding up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Acts, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

4.18 *Untraceable shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:

- (a) for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the Register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);
- (b) in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;

- (c) the Company has at the expiration of the said period of twelve years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and
- (d) during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of twelve years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to a sale pursuant to the preceding Article the Board may authorise any person to execute an instrument of transfer or otherwise effect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance with the Regulations, the Company may issue a written notification to the Operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the Board may from time to time determine.

The provisions of the Articles applying to the Ordinary Shares will apply to the New Ordinary Shares following their creation to the same extent.

5. Corporate governance and committees

5.1 *Corporate Governance Regime*

The Company is committed to the principles of corporate governance. The Combined Code on Corporate Governance was published by the Financial Reporting Council in June 2008 (the “Combined Code”). The UK Corporate Governance Code (the “Corporate Governance Code”) (formerly the Combined Code) was published in May 2010 by the Financial Reporting Council.

The Company’s Board, of which Philip Swinstead is Chairman, is comprised of non-executive and executive directors. All Directors submit themselves for reappointment at the Annual General Meeting following their appointment.

The Board normally has eight scheduled meetings a year and meets more frequently as required. The Board maintains close dialogue by email and telephone between formal meetings. The Board has a formal schedule of matters reserved for its specific approval including review of Group strategic, operational and financial matters including proposed acquisitions and divestments. It approves the annual accounts and interim report, the annual budget, significant transactions and major capital expenditure and reviews the effectiveness of the system of internal control and the risks faced by the Group. The review covers all controls, including financial, operational and compliance controls and risk management. Authority is delegated to management through Group authorisation limits on a structured basis, ensuring that proper management oversight exists at the appropriate level.

All members of the Board are supplied in advance of meetings with appropriate information covering the matters which are to be considered. A procedure exists for the Directors, in the furtherance of their duties, to take independent professional advice if required. If a Director has any concerns about a particular issue, such concerns are recorded in the minutes of the relevant Board meeting. In the event that a Director resigned over a matter that was of concern to him,

such concerns would be communicated to the other Directors. All Directors have the opportunity to undertake relevant training, to have full and timely access to relevant information and advice and to obtain the services of the Company Secretary.

Under the Articles, each Director shall retire from office and be eligible for reappointment at the third annual general meeting after the general meeting at which he was appointed or last reappointed. Philip Swinstead, Paul Davies, Alastair Woolley and Roger Freeman are required to stand for re-election at the 2011 annual general meeting. Nigel Tose is due to stand for re-election in 2013. Individual Board members' performance is evaluated through six-monthly appraisals. The performance of the Chairman is evaluated by the Non-Executive Directors every six months.

During the financial year ended 31 December 2010, and the period from 1 January 2011 to 10 May 2011 (being the latest practicable date prior to the publication of this document), the Group has complied with the provisions of the Combined Code and the Corporate Governance Code, except in the following areas:

- Under the Combined Code, as Chairman, Philip Swinstead is not considered independent. However, as the Board includes two other Non-Executive Directors, the Board believes that there is a sufficient degree of independence.
- No member of the Audit Committee has recent and relevant financial experience as stipulated in the provisions of the Combined Code. However, the Board considers that the members of the Audit Committee have the financial experience and qualifications required and the requisite skills and attributes to enable the Audit Committee to properly discharge its responsibilities. The Board intends to appoint a new Non-Executive Director with suitable financial qualifications.
- The Group's system of internal control complies with the Turnbull Guidance and has been in place throughout the last full financial year. After allowing for the internal checking procedures carried out under the Group's system of quality control, the Group did not consider it necessary to have a separate internal audit function. The need for an internal audit function is kept under review.

5.2 *Committees*

The terms of reference of the three committees of the Board are made available for inspection by Shareholders at the Annual General Meeting or, on request to the Company Secretary, can be inspected at the Company's head office and are also available in the Corporate Governance section of the Company's website.

Audit Committee

The Directors have established an audit committee with formally delegated duties and responsibilities. The Audit Committee, which is chaired by Nigel Tose, meets at least twice annually. Roger Freeman is the other member of the committee.

The Audit Committee reviews and, as appropriate, actively engages in the processes for financial reporting, internal control, risk assessment, audit and compliance assurance, the consideration of the independence of the Group's external auditors and the effectiveness of the Group's system of accounting, its internal financial controls and external audit function.

The committee's principal terms of reference include:

- the oversight responsibilities described in the above paragraph;
- reviewing compliance with laws, regulations and the Group's code of conduct and policies;
- monitoring the integrity of the Group's financial statements and any announcements relating to the Group's financial performance and reviewing significant financial reporting judgements, changes in accounting policies and practices, significant adjustments resulting from the audit and the application of the going concern assumption;
- reviewing the findings of the external audit with the external auditors;

- making recommendations to the Board, for it to put to the shareholders for their approval, regarding the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- monitoring and reviewing the external auditors' independence and the effectiveness of the audit process;
- developing and implementing policy on the engagement of the external auditors to supply non-audit services; and
- reviewing the Group's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting or other matters.

In order to ensure an appropriate balance between cost effectiveness, objectivity and independence, the Audit Committee reviews the nature of all services, including non-audit work, provided by the external auditor each year. The Group normally expects to retain the external auditor to provide audit-related services, including work in relation to shareholder circulars and similar services. The external auditor has provided audit-related services during 2010, details of which are set out in note 3 to the Annual Report and Accounts for the financial year ended 31 December 2010.

Audit committee meetings are attended by the external auditors and by the Finance Director at the invitation of the committee. The external auditors meet separately with the Audit Committee on request, without the presence of the Finance Director, to ensure open communication.

Remuneration Committee

The Remuneration Committee comprises Roger Freeman as Chairman and Nigel Tose. Directors are excluded from discussions about their personal remuneration.

The committee is responsible for reviewing the Group's remuneration policy, the emoluments of the Executive Directors and other senior management and the Group's pension arrangements and for making recommendations thereon to the Board. The committee also makes recommendations to the Board in respect of awards of options under the Share Schemes and in respect of employees who should be invited to participate in the Co-investment Scheme. It also reviews the terms of service contracts with senior employees and Executive Directors and any compensation arrangements resulting from the termination by the Company of such contracts.

The committee has access to external advisors to assist it with ensuring that salary and benefit packages are competitive and appropriate. In addition, committee members keep themselves fully informed of all relevant developments and best practice by reading the circulars on remuneration and related matters that the Company receives from its advisers and, if appropriate, by attending seminars.

The Board determines the remuneration of all Non-Executive Directors within the limits set out in the Company's Articles of Association. Non-Executive Directors are not involved in any decisions about their own remuneration.

Nominations committee

The nominations committee comprises the Non-Executive Directors and is chaired by Philip Swinstead. It is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. Where necessary, recruitment consultants are used to assist the process.

6. Information on the Directors

- 6.1 The Directors are responsible for the management of the Company and may make such arrangements as they think fit for the management and transaction of the Company's affairs. The Directors are appointed for an indefinite period. Each Director shall retire from office and shall be eligible for reappointment at the third annual general meeting after the general meeting at which he was appointed or last appointed. The Directors are currently as set out below:

Philip Edgar Swinstead OBE – *Non-Executive Chairman*

Philip Swinstead, 67, was appointed Non-Executive Chairman in June 2010. Mr. Swinstead is a UK software industry founder. He started SD in 1969 and held the position of Chairman at various times over a period of 20 years. SD became the first software house to obtain a full listing in the UK in 1982, entered the FTSE 250, and renamed SD-Scicon was sold to EDS in 1991. Philip arranged the buyout and refinancing of French systems company GFI, which then went public in Paris in 1998. Philip Swinstead was co-founder of Parity plc in 1993, which joined the FTSE 250 within five years. More recently he has founded private companies in the software animation and mobile application sectors.

Lord Roger Norman Freeman – *Non-Executive Deputy Chairman*

Lord Freeman, 68, was appointed Non-Executive Chairman in July 2007 and served in that role until June 2010 when he became Non-Executive Deputy Chairman. He is Chairman of the Remuneration Committee. After qualifying as a Chartered Accountant in 1969 he joined Lehman Brothers, the US Investment Bank, and was a Partner in the London Office until 1983 when he entered the House of Commons. He served as a Minister between 1986 and 1997 including Cabinet Minister for Public Service. He became a Life Peer in 1997 and became a Partner with PricewaterhouseCoopers for whom he now chairs their UK Advisory Panel. He is Chairman or Non-Executive Director of a number of listed and private companies including Thales SA, Chemring Group plc and Savile Group plc.

Paul Davies – *Chief Executive*

Paul Davies, 62, was appointed as Chief Executive in June 2010. He was co-founder of Parity, together with Philip Swinstead, and Chief Executive until 1999. Previously, Mr Davies was MD of EASAMS, GEC's systems company. Since leaving Parity he has been Deputy Chairman of Microgen plc and for a period was Chairman of MSB International plc. More recently he joined the operations board of Fujitsu Services for 2 years tasked with improving the performance of their portfolio of large IT programmes

Nigel Leigh Tose – *Non-Executive Director*

Nigel Tose, 67, was appointed to the Board as a Non-Executive Director in 2006. He has over 30 years' experience in investment banking, serving until 2005 as Co-Head of Corporate Finance at Investec Bank (UK) Limited. Prior to joining Investec in 1994, he held a number of senior roles, both domestic and international, at financial organisations including Lloyds Merchant Bank and Lloyds Bank International. He is Chairman of Parity's Audit Committee.

Alastair John Lomond Woolley FCA – *Finance Director*

Alastair Woolley, 49, FCA, was appointed to the Board as an executive Director on 1 April 2011. He trained with Deloitte and spent 11 years in various departments including audit and business services. Since leaving Deloitte, during the last 16 years Alastair has worked at a variety of companies, mainly technology based, as Finance Director and also for a period of time, as Managing Director. He worked as Finance Director with Philip Swinstead for a software research and development company and also with both Philip Swinstead and Paul Davies as a consultant on a number of projects.

- 6.2 Subject to the approval of the Board, the Executive Directors may hold external non-executive appointments. The Group believes that such appointments provide a valuable opportunity in terms of personal and professional development. Fees derived from such appointments may be retained by the Executive Director concerned.

Philip Swinstead, Roger Freeman and Paul Davies hold non-executive positions outside the Group.

- 6.3 Set out below are the names of all companies and partnerships (other than the Company and any of its subsidiaries) of which each Director has been a member of the administrative, management or supervisory bodies or partner at any time in the five years preceding the date of this document, together with an indication of whether or not the individual is still a member of such bodies or a partner.

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Philip Edgar Swinstead	<p>E-Loan Europe B.V. registered in the Netherlands with trade registry no.: 30139814 Swinstead Shipping Company Limited Company No.: 03610668 Scene Systems Limited Company No.: 03860020 Antics Group Limited Company No.: 05277584 Viper Visual Limited Company No.: 05851874 Liveframe Studios Limited Company No.: 07223208</p>	<p>Cross Border Limited Company No.: 03724289 North Atlantic Smaller Companies Investment Trust plc Company No.: 01091347</p>
Roger Norman Freeman	<p>Skill Force Development Company No.: 04991442 Skill Force Development (Wales) Company No.: 04991475 Thales UK Pension Schemes CIF Trustee Limited Company No.: 05298390 Chemring Group PLC Company No.: 00086662 BIGDNA LTD Company No.: SC311480 Security Innovation and Technology Consortium Limited Company No.: 06455733 Skill Force Development (Scotland) Company No.: SC274484 Savile Group PLC Company No.: 02675970 ITM Power PLC Company No.: 05059407 Thales SA Registered No.: 552059024</p>	<p>Busoga Trust (THE) Company No.: 01773933 Thales Holdings UK PLC Company No.: 03945443 Thales Electronics PLC Company No.: 00497098 Racal Executive Trustee Limited Company No.: 01989846 British Titanium PLC Company No.: 03528214 Metalysis Limited Company No.: 04304849 The Challenge Fund Trading Company Limited Company No.: 03878072 Thales UK Limited Company No.: 00868273 Crosscore Optimization Limited Company No.: 05585338 Global Energy Development PLC Company No.: 04330608 Iddas Limited Company No.: 04388992 Imprimatur Capital Limited Company No.: 04583297 Cambridge Enterprise Limited Company No.: 01069886 Thales Pension Trustees (Section 1) Limited Company No.: 06466983 Thales Pension Trustees Limited Company No.: 06466974 Racal Senior Manager Trustee Limited Company No.: 01989847 Racal Staff Trustee Limited Company No.: 01989848 Radiation Watch Limited Company No.: 04760930 Thales Pension Trustees (Section 1) Limited Company No.: 06466983 Thales Pension Trustees Limited Company No.: 06466974</p>

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Roger Norman Freeman (continued)		Racal-Decca Pension Trustee Limited Company No.: 01370425 University of Cambridge Challenge Fund Company No.: 03868778
Paul Davies	Microgen PLC Company No.: 01602662	Rationality Limited Company No.: 04033249
Nigel Leigh Tose		Equity For Growth (Securities) Limited Company No.: 05410446 Elco Motors Limited Company No.: 04107642 Minerva Data Limited Company No.: 06428537 Waltech Limited Company No.: 04904322 Pensions Holdings (UK) Plc Company No.: 07203648 Waltech plc Isle of Man, Company No.: 003637V
Alastair John Lomond Woolley	Swinstead Shipping Company Limited Company no: 03610668 Viper Visual Limited Company no: 05851874 Aston Roberts Consulting Limited Company no: 06663257 Liveframe Studios Limited Company no: 07223208	Scene Systems Limited Company no: 03860020 Kindit Limited Company no: 03524457 Think Espionage Limited Company no: 04725423 Antics Group Limited Company no: 05277584 Thumbspark Limited Company no: 06751234 Cairo Information Systems Limited Company no: 03005480 Sidewalk Investments Limited Company no: 03005904 New Software Solutions Limited Company no: 02475402 Knowledge System Designers Company no: 02748340 Rooksbury Mill Fisheries Limited Company no: 02082570 Swinstead Publishing Limited Company no: 03232190 Rooksbury Mill Fishing Association Limited Company no: 03025860

Philip Swinstead is a director of E-Loan Europe B.V., a Dutch company which provided the services of Mr Swinstead and charged fees to the Company, as further set out in the notes to the table in paragraph 8.4 of this Part VI. This arrangement ceased when Mr Swinstead moved to the UK on 2 September 2010, from which point he was remunerated as a normal UK-resident, non-executive director. Except for this potential conflict of interest, no director (or other member of the Company's administrative or management function) has any actual or potential conflicts of interest between any of his duties to the Company and his private interests and/or other duties.

6.4 None of the Directors have:

6.4.1 any convictions in relation to fraudulent offences for at least the five years up to the date of this document;

6.4.2 been associated with any bankruptcies, receiverships or liquidations while acting in his capacity as a director or senior manager for at least the five years up to the date of this document; or

6.4.3 been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies), nor has any Director been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the five years up to the date of this document.

6.5 The business address of each of the Directors is Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU.

7. Interests in Ordinary Shares

7.1 As at the date of this Prospectus, Nigel Tose has committed to subscribe for 55,639 New Ordinary Shares under the Firm Placing and a further 24,252 under the Placing (which are subject to clawback) and Philip Swinstead has committed to subscribe for 2,173,913 Open Offer Shares under the Open Offer (being 89 per cent. of his entitlement under the Open Offer). The aggregate participation of the Directors is expected to be 7.4 per cent. of the Issue on the assumption that none of the Directors subscribe, or apply under the Excess Application Facility to subscribe for further New Ordinary Shares under the Issue.

Directors' interests in Ordinary Shares

7.2 As at the close of business on 10 May 2011 (being the latest practicable date prior to publication of this document), the interests (all of which are beneficial unless otherwise stated) of the Directors (as well as their immediate families) in the share capital of the Company (or so far as is known or could with reasonable due diligence be ascertained by the relevant Director) interests of a person connected (within the meaning of Section 252 of the Act) with a Director and the existence of which was known to or could, with reasonable due diligence, be ascertained by the relevant Director as at 10 May 2011 together with such interests as are expected to be held immediately following Admission were as follows:

	<i>Shareholding prior to the Issue</i>	<i>% issued share capital held prior to the Issue</i>	<i>Shareholding following Admission¹</i>	<i>% issued share capital held following Admission¹</i>
<i>Directors</i>				
Philip Swinstead	9,795,327	25.61	11,969,240	17.43
Roger Freeman	5,000	0.01	5,000	0.00
Paul Davies	720,000	1.88	720,000	1.05
Nigel Tose	100,000	0.26	179,891	0.26
Alastair Woolley	56 ²	0.00	56 ²	0.00
TOTAL	<u>10,620,383</u>	<u>27.76</u>	<u>12,874,187</u>	<u>18.74</u>

¹ On the basis of the commitments of the Directors as described in paragraph 7.1 above and on the assumption that none of the Directors subscribe, or apply under the Excess Application Facility to subscribe, for further New Ordinary Shares under the Issue.

² Owned jointly by Alastair Woolley and his wife, Mrs Ann R Woolley.

- 7.3 The following options over Ordinary Shares have been granted to Directors under the Share Schemes:

Directors' share options

	<i>Ordinary Shares under option</i>	<i>Exercise period</i>	<i>Exercise price per Ordinary Share</i>
Paul Davies	2,851,633	25 January 2011 to 25 October 2015	10 pence

- 7.4 Save as disclosed in this paragraph 7, the Directors do not have any interest in the share capital of the Company.

Employee share options

- 7.5 As at 10 May 2011 (being the latest practicable date prior to publication of this document), there were outstanding options over a total of 6,498,668 Ordinary Shares representing approximately 17 per cent. of the issued share capital of the Company as at such date. Details of the options and awards outstanding under the Company's Share Schemes as at 10 May 2011 (being the latest practicable date prior to publication of this document) are set out below:

<i>Scheme</i>	<i>Options outstanding</i>	<i>Grant date</i>	<i>Exercise Price</i>
Executive scheme	7,413	21/10/2003	£2.09
Executive scheme	4,522	21/10/2003	£1.65
Executive scheme	580,000	25/09/2008	25p
Executive scheme	450,000	15/04/2009	9p
Executive scheme	950,000	19/05/2010	8.75p
Executive scheme	1,100,000	28/09/2010	7.5p
2009 Sharesave scheme	555,100	11/04/2011	22p
2010 Plan	2,851,633	28/10/2010	10p
Total	<u>6,498,668</u>		

Notes:

- Exercise of Executive scheme options from 2008 onward is still subject to meeting performance condition.
- There is no performance condition for the 2010 Plan.
- "Executive scheme" refers to the 2009 Approved Plan, the 2009 Unapproved Plan and the 1999 equivalents of those plans.

Substantial Shareholders

- 7.6 As at the close of business on 10 May 2011 (being the latest practicable date prior to publication of this document) insofar as is known to the Company, the following persons, directly or indirectly, were interested in three per cent. or more of the Ordinary Shares in the Company:

<i>Name</i>	<i>Number of Ordinary Shares prior to Admission</i>	<i>Percentage of issued Ordinary Shares prior to Admission</i>
Philip Swinstead	9,795,327	25.6
Dominion Holdings Ltd	4,400,000	11.5
Henderson Global Investors Ltd	1,933,970	5.1
Kristian Overend	1,250,000	3.3
BP Pension Trustees	1,232,221	3.2
S J Marsh	1,200,000	3.1

- 7.7 The Directors are not aware (i) of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control or ownership over the Company, nor (ii) of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 7.8 Save as disclosed in this paragraph 7 and pursuant to the Option Agreement, as at 10 May 2011 (being the latest practicable date prior to publication of this document) the Company had no outstanding convertible securities, exchangeable securities or securities with warrants and has not issued any partly paid shares. There are no shares in the issued share capital of the Company that do not represent capital.
- 7.9 Save as disclosed in this paragraph 7 and pursuant to the Option Agreement, no share or loan capital of the Company or any of its subsidiary undertakings is under option or agreed conditionally to be put under option.
- 7.10 Save pursuant to the Company's Share Schemes (further details of which are set out in paragraph 21 of this Part VI) and the Option Agreement, there are no acquisition rights and/or obligations over authorised but unissued share capital or an undertaking to increase the capital of the Company.
- 7.11 None of the holders of Ordinary Shares will as at Admission have different voting rights *inter se*. The voting rights of all Shareholders are governed by the Articles of the Company.

8. Directors' Service Agreements, Letters of Appointment and Remuneration

- 8.1 The Group's policy is that no Director has a service contract with a notice period of greater than one year or has provision for pre-determined compensation on termination which exceeds one year's salary, bonus and benefits in kind. Non-Executive Directors have letters of appointment which set out the terms of their appointments. All Board appointments are subject to the Company's Articles of Association.

Contractual arrangements for current Directors are summarised below:

<i>Director</i>	<i>Contract date</i>	<i>Notice period</i>	<i>Contractual termination payment</i>
Philip Swinstead	1 June 2010	n/a	n/a
Roger Freeman ¹	1 July 2007	n/a	n/a
Nigel Tose ¹	3 July 2006	n/a	n/a
Paul Davies ²	1 June 2010	12 months	12 months salary, benefits and on target bonus
Alastair Woolley	1 April 2011	3 months for first 6 months and then 6 months	3 months salary during first 6 months and 6 months salary thereafter

¹ The appointment of each Non-Executive Director is terminable at the will of the parties

² The Company is required to give 12 months notice of termination of the service agreement to Paul Davies who is required to give 6 months notice to the Company.

8.2 *Executive Directors*

The Company has entered into the following service agreements with the executive Directors of the Company:

An agreement commencing on 1 June 2010 between the Company and Paul Davies pursuant to which Paul Davies agrees to serve as Chief Executive of the Company and is entitled to a basic annual salary of £220,000, in addition to certain other benefits. Paul Davies is entitled to be paid bonuses of such amounts (if any) at such times and subject to such conditions as the Remuneration Committee may decide. Paul Davies is entitled to a pension contribution equal to 11 per cent. of his gross annual basic salary. The agreement is terminable by Paul Davies on 6 months notice, and by the Company on 12 months notice. The Company reserves the right to pay compensation in lieu of all or part of the notice of termination of employment. The agreement will determine on the

last day of the month when Paul Davies attains the age of 65. In certain circumstances, (i.e. serious misconduct, committing an act of fraud or dishonesty, convicted on a criminal offence) the employment may be terminated at any time without notice by the Company.

An agreement commencing on 1 April 2011 between the Company and Alastair Woolley pursuant to which Alastair Woolley agrees to serve as Chief Financial Officer of the Company and is entitled to a basic annual salary of £120,000, in addition to certain other benefits. Alastair Woolley receives a car allowance of £710/month and is entitled to a 4.75 per cent. minimum pension contribution. The agreement is terminable by either party on 3 months notice for the first 6 months of employment following which a notice period of 6 months applies. The Company reserves the right to put Alastair Woolley on gardening leave and/or to pay salary in lieu of any notice on termination. In the event of gross misconduct, the employment may be terminated at any time by the Company without notice.

8.3 *Non-Executive Directors*

The Company has entered into the following letters of appointment with the Non-Executive Directors of the Company:

Letter of appointment with Philip Swinstead dated 2 September 2010. The appointment is terminable at the will of either party and is on the basis that reappointment will occur at the Company's next annual general meeting in 2011 and at every third annual general meeting thereafter by way of shareholders' vote. Philip Swinstead is entitled to an annual salary of £50,000.

Letter of appointment with Nigel Tose dated 3 July 2006. Nigel Tose would also serve as Chairman of the Audit Committee. The appointment is terminable at the will of either party and is on the basis that reappointment will occur yearly at the Company's annual general meeting by way of shareholders' vote. Nigel Tose is entitled to an annual salary of £25,000 plus £5,000 for being chairman of any sub-committee.

Letter of appointment with Lord Roger Freeman dated 2 July 2007. The appointment is terminable at the will of either party and is on the basis that reappointment will occur every third year at the Company's annual general meeting by way of shareholders' vote. Lord Roger Freeman is entitled to an annual salary of £30,000.

Copies of the Directors' service agreements and letters of appointment are available for inspection as referred to in paragraph 24 below.

- 8.4 In respect of the financial year ended 31 December 2010, the total emoluments paid, or payable, by the Company in respect of the services of each of the Directors, and any former director who held office during the period, were as follows:

	<i>Salary/fees</i> £'000	<i>Benefits</i> £'000	<i>Compensation for loss of office</i> £'000	<i>Total emoluments</i> £'000	<i>Company pension contributions⁴</i> £'000
Executive Directors					
P Davies ¹	128	11	–	139	14
I Ketchin ²	150	11	–	161	8
A Welch ³	108	18	338	464	11
Non-Executive Directors					
P Swinstead ^{1,5}	107	–	–	107	–
Roger Freeman	38	–	–	38	–
N Tose	30	–	–	30	–
J Hughes ³	15	6	23	44	–
Total emoluments	<u>576</u>	<u>46</u>	<u>361</u>	<u>983</u>	<u>33</u>

Notes

¹ Appointed 1 June 2010.

² Resigned on 31 December 2010 and stepped down as a Director on 31 March 2011. In addition to his contractual remuneration for the period to 30 June 2011, he will receive an ex gratia sum of £75,000.

³ Resigned 31 May 2010.

⁴ Company pension contributions disclosed in the table above represent the contractual pension entitlements due to the Directors from the Company.

⁵ From 2 June 2010 to 31 August 2010, Philip Swinstead's services as Chairman were provided under a contract with E-Loan Europe B.V., a company incorporated in the Netherlands. As at 31 December 2010, payment of fees in respect of these services together with those provided since 1 September 2010 remain accrued but unpaid.

The information contained in the table above has been audited and is extracted from the 2010 annual accounts.

- 8.5 Save as set out in this paragraph 8, there are no arrangements between any of the Directors and the Company which provide for benefits upon termination of employment and neither the Company nor its subsidiaries has set aside or accrued any amounts to provide pension, retirement or similar benefits.
- 8.6 The terms of the incentive bonus for executive Directors are agreed annually. For 2010 a first half target was set as well as the full year target. No performance bonuses were earned by, or paid to, executive Directors in 2010.
- 8.7 The aggregate of the remuneration payable by any member of the Parity Group (including benefits in kind) to the Directors in respect of the financial year ending 31 December 2011 under the arrangements in force at the date of this document is estimated to amount to approximately £479,000.
- 8.8 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- 8.9 There are no entitlements to commissions, profit sharing arrangements or any other specific compensation payments under the Directors' letters of appointment.
- 8.10 The Remuneration Committee of the Board determines the remuneration of the Non-Executive Directors with the benefit of independent advice when required. The fees are set at a level which will attract individuals with the necessary experience and ability to make a significant contribution to the Group and are benchmarked against those fees paid by other UK listed companies.
- 8.11 The Non-Executive Directors do not receive bonuses or pension contributions and are not eligible for grants under any of the Group's share incentive schemes. They are entitled to be reimbursed for reasonable expenses incurred by them in carrying out their duties as Directors of the Company.
- 8.12 There are no outstanding loans granted by any member of the Parity Group to any of the Directors nor has any guarantee been provided by any member of the Parity Group for the benefit of any of the Directors.
- 8.13 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Parity Group and which were effected by any member of the Parity Group in the current or immediately preceding financial year or which were effected by any member of the Parity Group during any earlier financial year and which remain in any respect outstanding or unperformed.

9. Accounting

As required by the Act and Article 4 of the European Union IAS Regulation, the consolidated financial statements of the Group are prepared in accordance with IFRS issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

10. Reports to Shareholders

The Company engages in regular dialogue with its institutional shareholders through presentations and meetings after the announcement of the Group's full year and interim results. Private and institutional shareholders are given an opportunity to communicate directly with the Board at the annual general meeting. Shareholders' queries received via the Company Secretary's email address at cossec@parity.net or by telephone to the Group's head office are responded to in person by the Company Secretary or by

another appropriate employee. All members of the Board usually attend the annual general meeting. The chairmen of the audit, remuneration and nominations committees will normally be available to answer shareholders' questions at that meeting. Notice of the Meeting is posted to shareholders with the report and accounts not fewer than 21 clear days prior to the date of the annual general meeting. The package sent to shareholders includes a summary of the business to be covered at the annual general meeting, where a separate resolution is proposed for each substantive matter. The Group's annual report and accounts, interim report and other stock exchange announcements are published on the Group's website at www.parity.net. Copies of any presentations made to analysts or institutional shareholders are also published on the website.

11. City Code on Takeovers and Mergers

The Takeover Panel is an independent body, whose main functions are to issue and administer the City Code on Takeovers and Mergers (the "City Code") and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the general principles and rules set out in the City Code. The City Code applies to the Company.

There is not in existence any current takeover bid in relation to the Company. Were there to be a takeover offer for the Company (as defined in section 974 of the Act), compulsory purchase provisions in the Act would be triggered, subject to, amongst other things, the offeror achieving certain thresholds in terms of acquired shares and subject to serving certain notices within prescribed time limits, which would give the offeror the right to buy out minority shareholders (in accordance with section 979 of the Act). The Act also contains provisions allowing, in certain circumstances, for a right for a minority shareholder to be bought out by an offeror. Other than as provided by the Act and the City Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Ordinary Shares.

12. Pre-emption rights and General Meeting

Under Section 561 of the Act, the Company may not allot any shares for cash to any person unless it has made an offer to each Shareholder to allot to that Shareholder on the same or more favourable terms a proportion of those Shares which is as nearly as practicable equal to the proportion of the aggregate shares of such class in issue represented by shares of such class held by such Shareholder.

The Issue will not be on a pre-emptive basis. The Open Offer will be available to Qualifying Shareholders *pro rata* to their holdings as at the close of business on the Record Date, on the basis specified in paragraph 5 of Part I of this document. However, non-UK Shareholders may not be entitled to participate in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. As such, the pre-emption right described above needs to be disapplied to allow the Company to proceed with the Issue pursuant to the Resolutions to be proposed at the General Meeting. Under the Act, this must be approved by a special resolution of the Company (being 75 per cent. of Shareholders in attendance at the General Meeting on a show of hands or, if a poll is demanded, those voting by number of Ordinary Shares held, whether in person or by proxy).

A notice of General Meeting is included with this document at page 118, in which it is proposed to grant the Directors the authority to allot up to 30,434,783 New Ordinary Shares pursuant to the Issue and to grant the Option, such authority, if granted, lapsing on the date of the Company's annual general meeting to be held in 2012.

13. Working capital

The Company is of the opinion that, after taking into account the Net Proceeds of the Issue, the Group has sufficient working capital for its present requirements, that is for the next 12 months immediately following the date of this document.

14. Taxation

The comments set out below are based on existing law and current HM Revenue & Customs practice. They are intended as a general guide only and apply only to Shareholders who are resident in the United Kingdom for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the United Kingdom), who hold the shares as investments and who are the absolute beneficial owners of those shares. This information is not exhaustive and does not constitute taxation, legal or investment advice. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.

14.1 *Taxation of Dividends*

No taxation will be withheld from dividends paid by the Company on the New Ordinary Shares. Dividends carry a tax credit equal to one ninth of the dividend.

(a) *United Kingdom resident individuals*

Individual shareholders, who are resident in the United Kingdom for tax purposes, will generally be subject to income tax on the aggregate amount of the dividend and associated tax credit (the “gross dividend”). For example, on a cash dividend of £90 an individual would be treated as having received dividend income of £100 and as having paid income tax of £10 (the “associated tax credit”). The gross dividend will be regarded as the top slice of the shareholder’s income.

Individual shareholders who (after taking account of the gross dividend) are liable to income tax at the basic rate, pay tax on dividends at the dividend ordinary rate of 10 per cent. Such individuals will have no further tax to pay, as the tax liability will be fully extinguished by the associated tax credit. Individual shareholders who are not liable to income tax are not able to recover the tax credit.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the higher rate (currently 40 per cent) will be liable to tax at the dividend upper rate of 32.5 per cent on the gross dividend. For example, a higher rate tax payer receiving a dividend of £90 would for income tax purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £32.50. However, the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £22.50.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the additional rate (currently 50 per cent) will be liable to income tax at the dividend additional rate of 42.5 per cent on the gross dividend. For example, a 50 per cent tax payer receiving a dividend of £90 would for income purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £42.50. However the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £32.50.

(b) *United Kingdom resident trustees*

Trustees of discretionary trusts liable to account for income tax on the income of the trust will be treated as having received gross income equal to the aggregate amount of the dividend and associated tax credit. Trustees will pay tax on dividends received at the rate of 42.5 per cent. As with the additional rate individual shareholders, the 10 per cent tax credit will be set against the tax liability leaving further tax to pay of 32.5 per cent of the gross dividend.

(c) *United Kingdom resident companies*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether other conditions are met will depend

upon the circumstances of the particular shareholder, although it is expected that the dividends paid by the company would normally be exempt.

(d) *United Kingdom resident gross funds/charities*

There is no entitlement, for either a gross fund or charity, to a tax credit and consequently no claim to recover the tax credit will be possible.

(e) *Non- United Kingdom residents*

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income nor will they be able to recover the associated tax credit, although this will depend upon the existence of and the terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

14.2 *Taxation of Capital Gains*

A subsequent disposal of New Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

It is understood that HM Revenue & Customs takes the view that, in circumstances such as these, the issue of Offer Shares under the Open Offer by the Company to Qualifying Shareholders up to each Qualifying Shareholder's entitlement will be treated as a reorganisation of the share capital for the purposes of United Kingdom taxation of capital gains.

Accordingly, Open Offer Shares issued to a Qualifying Shareholder by the Company pursuant to the Open Offer and not exceeding the Qualifying Shareholder's pro rata entitlement will, together with the shareholder's holding of Existing Ordinary Shares, be treated as a single asset acquired at the time the holding of Existing Ordinary Shares was acquired. The price paid for the Open Offer Shares will be added to the base cost of the existing holding.

United Kingdom resident individual Qualifying Shareholders are no longer entitled to indexation allowance or taper relief when they dispose of Ordinary Shares. Instead, depending upon their individual circumstances and any available reliefs, they may be subject to capital gains tax at the prevailing rate on any disposals of Existing Ordinary Shares or Open Offer Shares. For individuals whose total taxable income and gains after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount) is less than the upper limit of the basic rate income tax band (£35,000 for 2011-12), the rate of capital gains tax will be 18 per cent. For gains (and any parts of gains) above that limit, the rate will be 28 per cent. United Kingdom resident individuals are exempt from capital gains tax on the first £10,600 gains arising in a tax year.

A United Kingdom resident corporate Qualifying Shareholder will continue to be entitled to indexation allowance. For the purposes of calculating the indexation allowance, the expenditure incurred in subscribing for the Offer Shares will be treated as having been incurred when the Qualifying Shareholder makes or becomes liable to make payment of the subscription monies. A subsequent disposal of the Open Offer Shares acquired pursuant to the Open Offer may give rise to a liability to United Kingdom corporation tax on chargeable gains.

14.3 *Stamp Duty and Stamp Duty Reserve Tax*

No liability to stamp duty or stamp duty reserve tax should arise on the allotment of New Ordinary Shares under the Issue.

(a) *Shares held outside the CREST system*

The conveyance or transfer on sale of the New Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An obligation to account for stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the New Ordinary Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT.

It is the purchaser who is in general liable to account for stamp duty or SDRT.

(b) *Shares held within the CREST system*

The transfer of the New Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. The SDRT will generally be collected by CREST.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

15. Material Contracts

The contracts summarised below are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Parity Group in the two years immediately preceding the date of publication of this document, and is or may be material to the Company or the Parity Group, or has been entered into by any member of the Parity Group at any time and contains a provision under which any member of the Parity Group has any obligation or entitlement which is material to the Parity Group at the date of this document.

15.1 *Placing Agreement*

Under the Placing Agreement, Singer Capital Markets has agreed, subject to the conditions set out in that agreement and as agent for the Company, to use its reasonable endeavours to procure subscribers for up to 30,434,783 New Ordinary Shares at the Issue Price.

Subject to Admission occurring, under the Placing Agreement, Singer Capital Markets will receive from the Company: (i) a corporate finance fee; (ii) a commission equal to 4 per cent. of the aggregate value of the New Ordinary Shares to be allotted pursuant to the Issue (other than those New Ordinary Shares issued to Philip Swinstead and Nigel Tose pursuant to their commitments as described in paragraph 7.1 of Part VI of this document, and certain other individuals and entities under the Firm Placing and/or the Placing, as agreed with Singer Capital Markets (the “Relevant Shares”)) multiplied by the Issue Price; (iii) a commission equal to 1 per cent. of the aggregate value of the number of the Relevant Shares multiplied by the Issue Price; and (iv) the Option enabling it to subscribe for such number of Ordinary Shares at the Issue Price as is equal to one per cent. of the Enlarged Share Capital, at any time during the period of five years from Admission. To the extent applicable, VAT is also payable by the Company on the aforementioned fees and commissions provided that an appropriate VAT invoice is submitted to the Company. The Company will be responsible for the costs and expenses incurred by Singer Capital Markets in connection with the Admission and the Issue including its properly incurred legal expenses.

The Placing Agreement contains certain undertakings and warranties given by the Company in favour of Singer Capital Markets (including warranties relating to the accuracy of the information in this document and the Company's incorporation and capacity). The obligations of Singer Capital Markets are conditional on, *inter alia*, Admission occurring and becoming effective not later than 8.00 a.m. on 31 May 2011 (or such later time and/or date, not being later than 5.00 p.m. on 12 July 2011, as Singer Capital Markets and the Company may agree).

Singer Capital Markets may terminate the Placing Agreement (in its absolute discretion) if, *inter alia*, at any time prior to Admission: (i) any statement contained in this document is, becomes or has been discovered to be untrue, incorrect in any material respect or misleading in any respect, (ii) any of the warranties contained in the Placing Agreement has been materially breached or (iii) there is an occurrence of (a) any government regulation or other occurrence of any nature whatsoever which in the opinion of Singer Capital Markets in its absolute discretion adversely affects or is likely to adversely affect the business of the Group taken as a whole or the Issue, (b) any outbreak or escalation of hostilities, any attack on, act of terrorism involving, or declaration of a national emergency or war by, the United Kingdom, any other EU Member State or the United States which in the opinion of Singer Capital Markets in its absolute discretion make it impractical or inadvisable to proceed with the Issue, (c) any other calamity, crisis or material change in the financial, political, economic or market conditions in the United Kingdom, any other EU Member State, the United States or elsewhere or in currency exchange rates or controls which in the opinion of Singer in its absolute discretion makes it impractical or inadvisable to proceed with the Issue or (d) any other crisis of national or international effect which in the opinion of Singer Capital Markets in its absolute discretion makes it impracticable or inadvisable to proceed with the Issue.

15.2 *Master Facilities Agreement*

A master facilities agreement relating to a £15,000,000 asset-based lending facility (the "Master Facilities Agreement"), dated 7 December 2010 between PNC Financial Services UK Limited (1), Parity Solutions Limited and Parity Resources Limited (the "Obligors") (2) and Parity Group plc as the Parent (3) pursuant to which the Obligors were granted a facility up to £12,500,000 relating to account receivables (account receivables are assigned to PNC Financial Services UK Limited), subject to a global limit of £15,000,000 (the "Global Limit") (the "A/R Facility") and a facility up to £3,750,000 relating to unbilled account receivables (unbilled account receivables are assigned to PNC Financial Services UK Limited), subject to the Global Limit (the "Unbilled A/R Facility"), for the purpose of refinancing the Obligors' facilities with The Royal Bank of Scotland plc and for working capital purposes.

Interest is payable on the Unbilled A/R Facility at two and a half per cent above the published base rate of KBC Bank N.V. and there is a service fee of £48,000 plus VAT at the applicable rate (where applicable) per annum to be paid by the Obligors in 12 equal monthly instalments.

In the event that the parties agree to increase the Global Limit, a variation fee of one per cent of the increase will be payable by the Obligors. A fee for non-utilisation of the facilities calculated on a monthly basis of one per cent of the aggregate of (i) the average availability (excluding any amount comprising the minimum amount by which availability must exceed funds in use) and (ii) the average undrawn amount of the Unbilled A/R Facility less the average funds in use is payable by the Obligors.

The Master Facilities Agreement includes a financial covenant relating to the ratio of EBITDA (profits or losses before depreciation, amortisation, interest, taxation, losses on sale or liquidation, exceptional items, dividends and any charge or credit for share-based payment) to the Group's borrowing costs. The Master Facilities Agreement provides that the facilities may become immediately repayable on the occurrence of certain prescribed events of default, including any failure to pay sums due under the Master Facilities Agreement.

The Master Facilities Agreement is secured by a guarantee and debenture, dated 7 December 2010 between PNC Financial Services UK Limited, Parity and certain of its subsidiaries. Representations and warranties are provided by Parity as well as an indemnity in favour of PNC Financial Services UK Limited. The minimum term for the Master Facilities Agreement is 36 months with a notice

period of 6 months required for termination. There is an early termination fee payable, which is calculated as a percentage of the Global Limit.

The fee for early termination of the Master Facilities Agreement is three per cent of the Global Limit if terminated within a year of signing, two per cent if terminated after one year but before two years after signing, and one per cent if terminated after 2 years but before three years of signing.

15.3 *Option in favour of the Parity Retirement Benefit Plan*

On 21 December 2010, Parity granted an option in favour of the trustees of the Parity Retirement Benefit Plan (the defined benefit pension scheme) over 1 million Ordinary Shares at an exercise price of 9 pence per share (which was the price of an Ordinary Share on 11 November 2010). The option is exercisable at any time (after prior consultation with Parity). The option was granted in consideration of Parity being granted a pension contribution holiday from November 2010 to December 2011 (inclusive).

In the event of any alteration of the issued ordinary share capital of Parity by way of a capitalisation or rights issue, sub-division, consolidation or reduction or any other variation in the ordinary share capital of Parity, the Board may make such adjustment as it considers appropriate to the total amount of Ordinary Shares subject to the option and/or the price per Ordinary Share payable upon the exercise of the option, subject to confirmation in writing by the auditors of Parity that any such adjustment is, in their opinion, fair and reasonable.

15.4 *Option Agreement*

On 11 May 2011, the Company entered into a conditional agreement with Singer Capital Markets Limited (the “Grantee”) under which, following Admission, it agreed to issue the Grantee with an option to subscribe at the Issue Price for such number of new Ordinary Shares as is equal to one per cent. of the Enlarged Share Capital of the Company on Admission (with any fraction of a share being rounded up to the nearest whole new Ordinary Share). The obligations of the parties are subject to, and conditional upon: (i) the Placing Agreement not having been terminated in accordance with its terms; and (ii) Admission becoming effective, in each case prior to 5.00 p.m. on 12 July 2011. The option is exercisable in whole or in part (in tranches of 5,000 shares, other than in respect of the final exercise of the option) at any time during the period commencing on Admission and expiring on the fifth anniversary of Admission. Ordinary Shares to be allotted upon the exercise of the option shall rank in full for all dividends and all other distributions declared, paid or made on, or after, the date of allotment and shall rank *pari passu* and form one class with the Ordinary Shares in issue on the date of exercise.

The option is subject to certain adjustment rights, *inter alia*, in the event of the solvent reconstruction, amalgamation or merger of the Company or the issue of shares or other securities of the Company to shareholders by way of capitalisation of reserves or profits or any sub-division or consolidation or reduction of the ordinary share capital of the Company. In the event that an order is made or an effective resolution is passed for the winding up of the Company, the Grantee shall be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such a sum as it would have received had it exercised the outstanding option in full after deducting a sum equal to the aggregate exercise price which would have been payable. The Grantee may assign the benefit of the Agreement to other members of its group, provided that that such benefit shall be re-assigned to the Grantee prior to the relevant assignee ceasing to be a member of the Grantee’s group.

16. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had, during the 12 months preceding the date of this document, significant effects on the Company and/or Group’s financial position or profitability.

17. Employees

The table below sets out the average number of people (full time equivalents) employed by the Group in each of the last three financial years:

	<i>Financial year ended</i>		
	<i>31 December</i> 2008	<i>31 December</i> 2009	<i>31 December</i> 2010
Continuing operations			
Resources – United Kingdom ¹	121	105	84
Solutions – United Kingdom, including corporate office ²	151	142	117
	<u>272</u>	<u>247</u>	<u>201</u>
Discontinued operations	<u>96</u>	<u>14</u>	<u>–</u>
	<u>368</u>	<u>261</u>	<u>201</u>

¹ Includes (2010: 35) (2009: 46) (2008: 52) employees providing shared services across the Group.

² Includes (2010: 6) (2009: 6) (2008: 8) employees of the Company.

At 31 December 2010, the Group had 165 continuing employees (2009: 222).

The Company employed an average of 6 temporary employees during the year ended 31 December 2010.

18. Property, plant and equipment

The Parity Group operates from six offices in the UK and the Republic of Ireland, all of which are held as leasehold interests. The Parity Group operates solely in the UK and the Republic of Ireland and all material revenues are generated, and material assets located, in the UK. As the Parity Group provides recruitment and business solutions services, its tangible fixed assets are predominantly limited to properties and office equipment which, as at 31 December 2010, had a net book value of £870,000. The Parity Group also has some properties from which it does not “operate” but which are sublet in part or in full. There are no individual existing or planned tangible fixed assets which are material to the business of the Parity Group. As far as the Directors are aware, there are no material environmental issues that may affect the utilisation of the Parity Group’s fixed assets.

The Group’s principal properties are as follows:

	<i>Short leasehold</i> <i>(expiry of term)</i>
Dale Farm 15 Dargan Road Belfast	01/07/2017
Pilgrims Well 427 London Road Camberley Surrey GU15 3HZ	24/12/2014
93 George Street Edinburgh EH2 3ES	31/05/11
Stafford Court 145 Washway Road Sale Cheshire M33 7PE	20/10/2015
Wimbledon Bridge House 1 Hartfield Road Wimbledon London SW19 3RU	28/09/2014

19. Research and development policies

The Group has not undertaken any research and development during the last three financial years and has not invested in any Group-sponsored research and development activities during this period.

20. Principal Investments

No acquisitions were made during the financial years ended 31 December 2008, 31 December 2009 or 31 December 2010. There were no principal acquisitions for the period from 31 December 2010 to the date of this document. The Company has not made any firm commitments on any principal future investments which are material to the Group as a whole.

21. The Parity Share Schemes

The long-term incentive arrangements operated by the Company for executive Directors comprise the following Share Schemes which includes the Co-Investment Scheme.

21.1 2010 Plan

General

The 2010 Plan provides for options to acquire Ordinary Shares in the capital of the Company to be granted to eligible employees of the Parity Group. Such options are not transferable and option benefits are not pensionable.

One option has been granted under the 2010 Plan on 25 October 2010 to Paul Davies over 2,851,633 Ordinary Shares with an exercise price of 10 pence per Ordinary Share (the "CEO Option").

The CEO Option vests in tranches, which commenced three months from the date of option grant with further tranches vesting at the end of every subsequent three month period so that vesting is spread equally over seven consecutive three month periods.

Eligibility

Options may only be granted to employees and executive directors of the Parity Group. The Remuneration Committee, or any committee to which operation of the 2010 Plan has been delegated, will have a discretion as to the selection of executives to whom options may be granted.

Grant of options

Options may only be granted within the period of 42 days following the announcement of the Company's annual and half-yearly results and in circumstances judged by the Remuneration Committee to be exceptional. However, if the grant of options is restricted by any statute or regulation, options may be granted within the relevant period after the restriction has ceased to apply. No option may be granted after 25 October 2011 (the anniversary of the approval of the 2010 Plan by Shareholders).

Exercise price

The price per Ordinary Share at which Ordinary Shares may be acquired upon the exercise of an option under the 2010 Plan shall be determined by the Remuneration Committee at the time of grant but shall be not less than the middle market quotation of an Ordinary Share for the dealing day immediately preceding the date of grant as derived from the Daily Official List of the London Stock Exchange or, if the Remuneration Committee so determines, the average of the middle market quotations of an Ordinary Share for up to three dealing days immediately preceding the date of grant.

Performance-related conditions of exercise

The exercise of options granted under the 2010 Plan will not be conditional upon any performance criteria unless otherwise specified by the Remuneration Committee at the time of grant.

Issue of new shares

There is a limit, of 10 per cent of the issued ordinary share capital of the Company from time to time, on the number of new Ordinary Shares which may be issued or put under option under the 2009 Plan and the 2010 Plan. This is separate from the limits which apply in relation to the Company's other share schemes.

Exercise of options

An option granted under the 2010 Plan will vest on a phased basis as specified by the Remuneration Committee at the date of option grant.

If an optionholder gives or receives notice to terminate his employment or otherwise leaves employment with the Parity Group, his option will normally lapse unless the Remuneration Committee determines otherwise.

Takeover of the Company and other corporate events

In the event of a takeover of the Company, or a similar corporate event, options may be exercised within certain specified periods in respect of all option Ordinary Shares. A similar treatment may be applied (with the consent of the Remuneration Committee) on a demerger.

Rights attaching to shares and source of shares

Ordinary Shares issued upon the exercise of options will rank equally in all respects with all other Ordinary Shares of the Company for the time being in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the allotment or transfer of such Ordinary Shares).

Options may be satisfied by the issue of new Ordinary Shares, the transfer of existing Ordinary Shares held by a person other than the Company or the transfer of existing Ordinary Shares held by the Company in treasury.

Variation of share capital

In the event of any alteration of the issued ordinary share capital of the Company by way of a capitalisation or rights issue, sub-division, consolidation or reduction or any other variation in the ordinary share capital of the Company, the Remuneration Committee may make such adjustment as it considers appropriate to the total amount of Ordinary Shares subject to any option and/or the price per Ordinary Share payable upon the exercise of any option. However, except in the case of a subdivision, consolidation or capitalisation issue, any such adjustment must be confirmed in writing by the auditors of the Company (or other independent advisers) to be in their opinion fair and reasonable.

Alteration of the 2010 Plan

The Remuneration Committee may alter or add to the 2010 Plan but may not make any alteration or addition to the advantage of present or future optionholders to the provisions relating to eligibility, the overall limit on the 2010 Plan, the basis of determining an optionholder's rights to acquire Ordinary Shares, or any variation of ordinary share capital, without the prior approval of Shareholders in general meeting except for minor amendments for the purposes of administration of the 2010 Plan or to take account of any change in legislation or which are necessary or appropriate to obtain or maintain favourable tax, exchange control, or regulatory treatment for participants in the 2010 Plan, the Company or any other company within the Parity Group.

21.2 *2009 Plan*

General

The 2009 Plan provided for options to acquire Ordinary Shares to be granted to eligible employees of the Parity Group. Such options are not transferable and option benefits are not pensionable.

Options were granted under the 2009 Plan on 12 March 2009 to Alwyn Welch and Ian Ketchin (each being directors of the Company at that time) over 2,851,633 and 950,544 shares respectively. The exercise price was 20 pence per share.

The option granted to Alwyn Welch lapsed on his leaving the Parity Group in May 2010. Ian Ketchin surrendered his option on 31 December 2010.

No new options may be granted under the 2009 Plan and no options remain outstanding under the 2009 Plan.

A summary of the provisions of the 2009 Plan is below.

Issue of new shares

There is a limit, of 10.0 per cent, of the issued share capital of the Company from time to time, on the number of new Ordinary Shares which may be issued or put under option under the 2009 Plan and the 2010 Plan. This is separate from the limits which apply in relation to the Company's other share schemes.

Exercise of options

Options granted under the 2009 Plan vest on a phased basis over consecutive calendar quarters from the date of grant.

If an optionholder gives or receives notice to terminate his employment or otherwise leaves employment with the Parity Group, his option will normally lapse unless the Remuneration Committee determines otherwise.

In all circumstances, the option exercise price must be paid in order to exercise the option.

Takeover of the Company and other corporate events

In the event of a takeover of the Company, or a similar corporate event, options may be exercised within certain specified periods in respect of all option Ordinary Shares. A similar treatment may be applied (with the consent of the Remuneration Committee) on a demerger.

Rights attaching to shares and source of shares

Ordinary Shares issued upon the exercise of options will rank equally in all respects with all other Ordinary Shares of the Company for the time being in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the allotment or transfer of such Ordinary Shares).

Options may be satisfied by the issue of new Ordinary Shares, the transfer of existing Ordinary Shares held by a person other than the Company or the transfer of existing Ordinary Shares held by the Company in treasury.

Variation of share capital

In the event of any alteration of the issued ordinary share capital of the Company by way of a capitalisation or rights issue, sub-division, consolidation or reduction or any other variation in the ordinary share capital of the Company, the Remuneration Committee may make such adjustment as they consider appropriate to the total amount of Ordinary Shares subject to any option and/or the price per Ordinary Share payable upon the exercise of any option. However, except in the case of a subdivision, consolidation or capitalisation issue, any such adjustment must be confirmed in

writing by the auditors of the Company (or other independent advisers) to be in their opinion fair and reasonable.

Alteration of the 2009 Plan

The Remuneration Committee may alter or add to the 2009 Plan but may not make any alteration or addition to the advantage of present or future optionholders to the provisions relating to eligibility, the overall limit on the 2009 Plan, the basis of determining an optionholder's rights to acquire Ordinary Shares, or any variation of ordinary share capital, without the prior approval of Shareholders in general meeting except for minor amendments for the purposes of administration of the 2009 Plan or to take account of any change in legislation or which are necessary or appropriate to obtain or maintain favourable tax, exchange control, or regulatory treatment for participants in the 2009 Plan, the Company or any other company within the Parity Group.

21.3 *2009 Approved Plan and 2009 Unapproved Plan*

General

The 2009 Approved Plan and the 2009 Unapproved Plan are materially similar, except that the 2009 Approved Plan contains certain features necessary for HMRC approval under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 ("**Schedule 4**"). Options under the 2009 Approved Plan and the 2009 Unapproved Plan can be granted by the Company or by an employee trust. Options are not transferable (except on death) and are not pensionable benefits. Operation of the 2009 Approved Plan and the 2009 Unapproved Plan is overseen by the Board or a duly authorised committee of the Board.

The 2009 Approved Plan and the 2009 Unapproved Plan are renewed forms of the 1999 Option Plans, the latter plans having closed to new options 10 years after their approval by Shareholders. The 2009 Approved Plan and the 2009 Unapproved Plan therefore have substantially the same terms as the 1999 Option Plans.

Eligibility

Options may only be granted to employees (including full-time directors) of the Company and other participating members of the Parity Group.

Grant of options

Options may normally be granted within the period of 42 days following the announcement of the Company's results for any period. No options may be granted after 14 May 2019 (the tenth anniversary of the approval of the 2009 Approved Plan and the 2009 Unapproved Plan by Shareholders).

Exercise price

The price per share at which Ordinary Shares in the Company may be acquired upon the exercise of an option shall be determined by the Board at the time of grant but shall be not less than the higher of:

- (a) the middle market quotation of an Ordinary Share for the dealing day preceding the date of grant as derived from the Official List; and
- (b) in the case of options to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

Individual limits

The maximum value of the Ordinary Shares over which options may be granted to a participant in any financial year is equivalent to 100 per cent. of the participant's annual rate of basic salary. However, in exceptional circumstances, grants up to the value of 200 per cent. of basic salary may be made in a financial year.

No participant may hold options under the 2009 Approved Plan or under any other HMRC approved company share option plan established by the Company or any associated company with an aggregate option exercise price in excess of £30,000 (or any other applicable statutory limit from time to time).

Issue of new shares

In any ten year period there is a dilution limit of 15 per cent. of the issued ordinary share capital of the Company from time to time. The limit applies to Ordinary Shares which have been or may be issued pursuant to options or other rights to subscribe for new Ordinary Shares granted during the preceding ten years under the 2009 Approved Plan and 2009 Unapproved Plan or under any other employee incentive arrangement established by the Company.

The limit does not apply to Ordinary Shares issued or issuable pursuant to the 2009 Plan or the 2010 Plan.

Exercise of options

Options generally become exercisable on the third anniversary of the date of grant and may remain exercisable until ten years after the date of the grant. Details of any performance targets are set out in the Company's annual report and accounts.

Early exercise

Options normally lapse on cessation of employment. However, if employment ceases by reason of injury, death, disability, redundancy, retirement on reaching age 65 (or earlier with the consent of the Board) or the participant's employer ceasing to be part of the Parity Group (or in other circumstances at the discretion of the Board), an option may normally be exercised within a 12 month period either:

- (a) to the extent it had already vested at the date of cessation of employment; or
- (b) where an option has not yet vested, if the reason for leaving is any of those listed above other than retirement or in other circumstances at the Board's discretion, then it may become vested as if any performance targets had been satisfied in full; or
- (c) if the reason for leaving is retirement or in other circumstances at the Board's discretion then to the extent it becomes vested following the application of any performance targets.

Takeover of the Company and other corporate events

A participant may exercise an option early in the event of a takeover, amalgamation, reconstruction or voluntary winding-up of the Company, provided that any performance targets have been met (unless the Board in its discretion determines otherwise).

Rights attaching to shares

Ordinary Shares issued upon the exercise of options will rank equally in all respects with all other Ordinary Shares for the time being in issue (save as regards any rights by reference to a record date prior to the allotment of such Ordinary Shares).

Variation of share capital

If there is a variation in the issued ordinary share capital of the Company, the Board may make such adjustments as they consider appropriate to the total number of Ordinary Shares subject to any option and the exercise price payable upon the exercise of any option. However, no adjustments to options granted under the 2009 Approved Plan may take effect without the prior approval of HMRC. Any adjustment must be confirmed in writing by the Company's auditors to be in their opinion fair and reasonable.

Alteration of the 2009 Approved Plan and the 2009 Unapproved Plan

The Board may amend the 2009 Approved Plan and the 2009 Unapproved Plan in any respect. However, it may not make any alteration or addition to the advantage of the existing or new

participants without the prior approval of Shareholders in general meeting unless the alteration is necessary to comply with legislation to obtain or maintain HMRC approval (in the case of the 2009 Approved Plan) or if it is a minor amendment to benefit the administration of the 2009 Approved Plan or the 2009 Unapproved Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the Parity Group. Furthermore, no amendment may be made which adversely affects the rights of any participant without the approval of a majority of all such affected participants. No amendment to a key feature of the 2009 Approved Plan will take effect unless and until such amendment has been approved by HMRC.

21.4 2009 Sharesave Scheme

General

The 2009 Sharesave Scheme is approved by HMRC under Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 3**”). Options under the 2009 Sharesave Scheme can be granted by the Company or by an employee trust. Options are not transferable (except on death) and are not pensionable benefits. Operation of the 2009 Sharesave Scheme is overseen by the Board or a duly authorised committee of the Board.

The 2009 Sharesave Scheme is a renewed form of the 1999 Sharesave Scheme, the latter scheme having closed to new options 10 years after its approval by Shareholders. The 2009 Sharesave Scheme therefore has substantially the same terms as the 1999 Sharesave Scheme.

Eligibility

Any UK based employee (including any full-time director) of the Company or other participating subsidiary who has been employed for a qualifying period of such length as the Board may determine from time to time (but not exceeding five years) and any other employee who is nominated by the Board is eligible to participate in the 2009 Sharesave Scheme so long as the employee is not under notice.

Issue of invitations

Invitations to apply for options may be issued within a period of 42 days after the dealing day following the announcement of the Company’s results for any period. No options may be granted after 14 May 2019 (the tenth anniversary of the approval of the 2009 Sharesave Scheme by the Shareholders).

Exercise price

The price per share at which Ordinary Shares may be acquired upon exercise of an option (or the method by which the price will be notified to participants) is determined by the Board before options are granted on any occasion. It must not be less than the higher of:

- (a) 80 per cent of the middle market quotation of an Ordinary Share as derived from the Official List for the dealing day immediately preceding the date invitations are issued to participants; and
- (b) in the case of options to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

Monthly savings

Any employee who applies for an option under the 2009 Sharesave Scheme must enter into a HMRC approved “save as you earn” contract (the “**Savings Contract**”). The employee agrees to enter a Savings Contract for a period of three, five or seven years and make monthly savings contributions of a fixed amount, currently of not less than £10 or more than £250, over three or five years. Upon expiry of the Savings Contract, the employee will be entitled to receive a tax free bonus in addition to repayment of the savings contributions. The employee may elect to apply the proceeds of the Savings Contract to exercise the option and acquire Ordinary Shares. Alternatively, the employee may choose to withdraw the proceeds of the Savings Contract.

Exercise of options

Options under the 2009 Sharesave Scheme will normally be exercised only during the period of six months from the third, fifth or seventh anniversary of the commencement of the Savings Contract.

Early exercise

Early exercise is permitted following death or cessation of employment by reason of injury, disability, redundancy, retirement on reaching age 65 or contractual retirement age, cessation of employment more than three years from grant of an option (except in cases of dishonesty, fraud or misconduct), or where the participant's employer ceases to be a part of the Parity Group.

In such cases, options may be exercised within six months of leaving, to the extent that the funds then available in the employee's Savings Contract permit. In the case of death, personal representatives may normally exercise within twelve months of the date of death.

Otherwise options will lapse on cessation of employment.

Early exercise is also permitted in the event of a takeover, amalgamation, reconstruction or voluntary winding-up of the Company or if the participant reaches age 65 but remains employed within the Parity Group.

Issue of new shares

In any ten year period there is a dilution limit of 15 per cent of the issued ordinary share capital of the Company from time to time. The limit applies to Ordinary Shares which have been or may be issued pursuant to options or other rights to subscribe for new Ordinary Shares granted during the preceding ten years under the 2009 Sharesave Scheme or under any other employee incentive arrangement established by the Company.

The limit does not apply to Ordinary Shares issued or issuable pursuant to the 2009 Plan or the 2010 Plan.

Rights attaching to shares

Ordinary Shares issued or transferred upon the exercise of options will rank equally in all respects with all other Ordinary Shares for the time being in issue (save as regards any dividends or distributions paid or made by reference to a record date prior to the date of exercise).

Variation of share capital

If there is a variation in the ordinary share capital of the Company, the Board may make such adjustments as it considers appropriate to the total number of Ordinary Shares subject to any option and the exercise price payable upon the exercise of any option. However, no adjustments may take effect without the prior approval of HMRC and any such adjustment must be confirmed in writing by the Company's auditors to be in their opinion fair and reasonable.

Alteration of the 2009 Sharesave Scheme

The Board may amend the 2009 Sharesave Scheme in any respect. However, it may not make any alteration to the advantage of participants without the prior approval of Shareholders in general meeting unless the alteration is necessary to comply with legislation or to obtain or maintain HMRC approval or it is a minor amendment to benefit the administration of the 2009 Sharesave Scheme in order to obtain and maintain favourable tax, exchange control or regulatory treatment for participants or any member of the Parity Group. No amendment to a key feature of the 2009 Sharesave Scheme will take effect unless and until such amendment has been approved by HMRC.

21.5 Co-Investment Scheme

General

The Co-Investment Scheme is operated by the Board taking into account the recommendations of the Remuneration Committee.

Eligibility

Any employee (including an executive director) of the Parity Group who is required to devote substantially the whole of his working time to his employment or office is eligible to be selected to participate at the discretion of the Remuneration Committee. No award shall be made under the Co-Investment Scheme to any director or employee who is within six months of his expected contractual or other normal retirement date.

Typically all executive directors and other members of the executive committee of the Company will be invited to participate.

Bonus Shares

Selected employees are invited to invest all or a proportion of any annual cash bonus awarded to them under any annual bonus arrangement operated by the Company or any other member of the Parity Group from time to time in the purchase of Ordinary Shares of the Company (“Bonus Shares”). The Board may impose minimum and/or maximum limits on the amount of bonus which may be applied in the purchase of Bonus Shares.

Bonus Shares will be purchased in the market and because Bonus Shares are the participant’s own investment he will not be restricted from exercising the usual rights of a Shareholder (such as voting rights) or receiving the usual benefits in respect of Bonus Shares (such as dividends).

Matching Shares

At the same time as Bonus Shares are acquired, a participant will be granted a conditional award (an “Award”) of further Ordinary Shares in the Company (“Matching Shares”). The number of Matching Shares subject to an Award will be determined at the discretion of the Board (acting on the recommendation of the Remuneration Committee) and will be in proportion to the number of Bonus Shares acquired. The number of Matching Shares subject to an Award shall not exceed 150 per cent. of the number of Bonus Shares purchased.

No payment is required from the participant for the acquisition of the Matching Shares which may be new issue Ordinary Shares or existing Ordinary Shares purchased in the market and delivered through the Company’s employee benefit trust.

An Award will vest and the Matching Shares will be allotted or transferred to the participant at the end of a period (“Service Period”) (being not less than one year) provided the participant is still an employee of the Parity Group and has not given notice of intention to resign. The vesting of a proportion of the Matching Shares subject to an Award may be subject to a performance condition in addition to the Service Period requirement.

The performance condition will be recommended by the Remuneration Committee and determined by the Board prior to the grant of the Award and will be a demanding target relating to the overall performance of the Parity Group, and reflecting institutional guidelines and best practice at the time of grant.

The number of Matching Shares subject to any individual’s Award will be subject to a maximum limit of 150 per cent. of the number of Bonus Shares. The terms of Awards with respect to service and performance will be determined having regard to institutional guidelines and best practice provided that the maximum number of Matching Shares will always be subject to the overall 150 per cent. limit.

If a participant sells his Bonus Shares during the Service Period, his Matching Award will lapse unless the Board is satisfied that exceptional individual circumstances apply which justify the exercise of the Board’s discretion to prevent such lapse.

Grant of Awards

Awards will be made as soon as practicable following the determination and payment of the participant’s annual bonus and the purchase of his Bonus Shares. Bonuses are normally awarded

after the preliminary announcement of the Company's annual results around the March following the end of the financial year.

No Awards may be granted after 16 June 2014 (the tenth anniversary of the approval of the Co-Investment Scheme by Shareholders).

Co-Investment Scheme limits

On any date, no Matching Award may be granted under the Co-Investment Scheme if, as a result, the total number of Ordinary Shares which have been or may be issued pursuant to Awards granted under the Co-Investment Scheme and pursuant to grants or appropriations made after the admission of the Company's shares to listing in July 1999 and during the previous ten years under all other employee share schemes established by the Company would exceed 15 per cent. of the issued share capital of the Company on that date.

The limit does not apply to Ordinary Shares issued or issuable pursuant to the 2009 Plan or the 2010 Plan.

Individual limits

The number of Bonus Shares which may be purchased under the Co-Investment Scheme may not exceed 100 per cent. of the annual gross bonus paid to the participant and the number of Matching Shares which may be subject to any Matching Award may not exceed 150 per cent. of the number of Bonus Shares in respect of which the award is being made.

On any date, no Matching Award may be granted under the Co-Investment Scheme if, as a result, the aggregate market value of the Matching Shares subject to that Award and other rights granted to a participant during the preceding period of 12 months (other than Matching Awards and rights which have been deemed never to have been granted) under the Co-Investment Scheme or under any other discretionary share scheme established by the Company would exceed a sum equal to the participant's earnings, or where the Board in its discretion determines that special circumstances exist in relation to such participant, twice the participant's earnings.

Cessation of employment

Awards will vest and the Matching Shares will be released to the participant in circumstances where he ceases employment due to his death, injury, ill-health, disability, redundancy, retirement at contractual retirement age or (with the consent of the Board) at an earlier age, the sale or transfer out of the Parity Group of his employing company or business.

If a participant ceases to hold employment or office with the Parity Group by reason of his dishonesty, fraud or misconduct his Award will lapse immediately.

If a participant ceases to hold employment for any other reason not mentioned above, his Award will lapse immediately unless the Remuneration Committee determines that there are exceptional circumstances which justify the vesting of an Award and the release of the Matching Shares.

In cases of early vesting and release, the number of Matching Shares will be reduced pro rata to the proportion of the Service Period which has elapsed at the time of such cessation (except in the case of death where an Award will vest in full).

Takeover of the Company and other corporate events

If any person obtains control of the Company as a result of making a general offer to acquire the whole of its issued share capital or a scheme of arrangement is sanctioned by the court (other than for the purposes of an internal reorganisation) or the Company is wound up, Awards will vest and the Matching Shares will be immediately released. However, the number of Matching Shares which vest and be released will be reduced pro rata to reflect the proportion of the Service Period which has elapsed at the time of such event. Any performance condition must have been achieved to the extent considered to be appropriate by the Remuneration Committee.

Rights attaching to Matching Shares

Until Awards vest, participants have no voting or other rights in respect of Matching Shares.

Matching Shares issued or transferred pursuant to the Co-Investment Scheme shall rank *pari passu* in all respects with the Ordinary Shares of the Company already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of vesting.

Benefits obtainable under the Co-Investment Scheme shall not be pensionable.

Variation of share capital

In the event of any variation in the ordinary share capital of the Company, adjustments to the number and nominal value of Matching Shares subject to an Award may be made by the Board in such manner and with effect from such date as the Board may determine to be appropriate.

Alteration of the Co-Investment Scheme

The Co-Investment Scheme may be amended by the Board provided that (a) prior approval of the Company in general meeting will be required for any amendment to the advantage of participants to those provisions of the Co-Investment Scheme relating to eligibility, the limitations on the number of Ordinary Shares subject to the Co-Investment Scheme, a participant's maximum entitlement or the basis for determining a participant's entitlement under the Co-Investment Scheme and the adjustment thereof in the event of a variation of capital, except in the case of minor amendments to benefit the administration of the Co-Investment Scheme and amendments to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any member of the Parity Group and (b) no amendment may be made which would alter to the disadvantage of a participant any rights already acquired by him under the Co-Investment Scheme without the prior approval of the majority of the affected participants.

Overseas schemes

The Board may at any time and without further formality establish further schemes in overseas territories, any such scheme to be similar to the Co-Investment Scheme but modified to take account of local tax, exchange control or securities laws, regulation or practice. Ordinary Shares made available under any such scheme will count against any limits on overall or individual participation in the Co-Investment Scheme.

Termination

The Co-Investment Scheme may be terminated at any time by resolution of the Board in general meeting and shall in any event terminate on 16 June 2014. Termination will not affect the outstanding rights of participants.

21.6 *The 1999 Option Plans*

General

The 1999 Executive Plan has been approved by HMRC and complies with Schedule 4.

The following summary relates to the rules of the 1999 Executive Plan. The terms of the 1999 Unapproved Plan are the same unless expressly indicated to the contrary.

The 1999 Option Plans provide for options to be granted over unissued Ordinary Shares or options to purchase Ordinary Shares out of a trust. Operation of the 1999 Option Plans is overseen by the Board or a duly authorised committee of the Board.

No new options may be granted under the 1999 Option Plans.

Exercise Price

The exercise price of an option is as determined by the Board at the date of grant but is not less than the higher of: (i) in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share; and (ii) the middle market quotation for dealings in the Ordinary Shares as derived from the Official List on the dealing day preceding the date of grant, provided that in the case of an option granted at any time at which there were no dealings, the exercise price is not less than such sum as is agreed by HMRC to be the market value of an Ordinary Share.

The exercise price may be adjusted by the Board in the event of a rights issue, capitalisation issue, subdivision, consolidation of shares, reduction of share capital or other variation of ordinary share capital of the Company subject to the written confirmation of the auditors that such adjustment is fair and reasonable and (in the case only of the 1999 Executive Plan) the approval of HMRC.

Exercise of options

In normal circumstances, options are capable of exercise at any time between the third and tenth anniversaries of their date of grant provided that any performance conditions to which they are subject have been fulfilled or waived. Options will become exercisable immediately on the death of a participant or on his ceasing to be an eligible employee by reason of injury, disability, redundancy, or the sale or transfer out of the Parity Group of the company, or the business or that part of the business to which his employment relates. Where a participant ceases to be an eligible employee by reason of retirement at age 65 or with the consent of the Board at an earlier age or for any other reason at the discretion of the Board, options may also become exercisable subject to the fulfilment of performance conditions. Rights to exercise will also arise on a change in control or reconstruction of the Company (subject to the exercise of “roll-over” rights described below) and in the event of a voluntary winding-up.

On a change in control or reconstruction of the Company, options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent rights over the shares of the acquiring company or a company associated with it. Rights are equivalent if, broadly speaking, the aggregate market value of the shares under both the old and new options and the aggregate exercise price of each option are, on the date of exchange, equal.

Rights attaching to shares, transfer and other rights

Until options are exercised, option holders have no voting or other rights in respect of the Ordinary Shares covered by their options.

Ordinary Shares issued pursuant to the 1999 Option Plans shall rank *pari passu* in all respects with the Ordinary Shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option. Benefits obtained under the 1999 Option Plans are not pensionable.

Options are not assignable or transferable.

Administration and alteration of the 1999 Option Plans

The 1999 Option Plans will be administered by the Board who may amend the same by resolution provided that (1) prior approval of the Company in general meeting will be required for any amendment to the advantage of participants except for minor amendments to benefit the administration of the 1999 Option Plans and amendments to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any member of the Parity Group; and (2) no amendment may be made which would alter to the disadvantage of a participant any rights already acquired by him under the 1999 Option Plans without the prior approval of the majority of the affected participants.

At any time at which the 1999 Executive Plan is and is intended to remain HMRC approved no amendment to a provision which is necessary to meet the requirements of Schedule 4 shall have effect until approved by HMRC.

Termination

The 1999 Option Plans terminated for the grant of new options on 26 July 2009. Termination does not affect outstanding rights of participants.

21.7 1999 Sharesave Scheme

General

The 1999 Sharesave Scheme has been approved by HMRC and complies with Schedule 3. Operation of the 1999 Sharesave Scheme is overseen by the Board or a duly authorised committee of the Board.

No new options may be granted under the 1999 Sharesave Scheme.

Exercise Price

The price payable on the exercise of an option is as fixed by the Board at grant but is not less than the higher of: (i) 80 per cent. of the middle market quotation of an Ordinary Share as derived from the Official List for the dealing day immediately prior to the date on which invitations to apply for options are despatched; and (ii) in the case of options to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

The exercise price may be adjusted by the Board (with confirmation in writing of the Company's auditors that, in their opinion, such adjustment is fair and reasonable) and the prior approval of HMRC to take account of any rights issue, capitalisation issue, subdivision, consolidation of shares, reduction of share capital or other variation of the Company's ordinary share capital.

Grant of options

The 1999 Sharesave Scheme permitted the grant of options to purchase Ordinary Shares out of a trust, as well as to subscribe for them.

In any year where the grantor resolved to operate the 1999 Sharesave Scheme, all eligible employees were invited to apply for options. It was a condition of such application that employees entered into a savings contract with an approved savings institution.

The number of Ordinary Shares subject to an option was determined by the level of contribution to the savings contract and may be adjusted during the life of the option in the same manner and circumstances as would lead to the exercise price being adjusted as described in the previous paragraph.

Savings contracts

Participants were, at the absolute discretion of the Grantor, invited to apply for three year, five year or seven year options. All options are linked to a contractual savings scheme entered into by each participant with the savings institution nominated by the Board and approved by HMRC. Participants were required to save between £10 and £250 per month, such sums to be deducted from the relevant participant's pay.

After either 36 or 60 contributions have been made a bonus is payable. Options may be exercised only with an amount not exceeding the available proceeds of the related-savings contract. The duration of an option is as determined at the date of grant.

Participants may withdraw from their savings contract at any time (though their options may then lapse) and are not obliged to exercise their options when the contract matures at a relevant bonus date. All savings contracts of any individual which are linked to approved savings related options are aggregated for the purposes of the limit on savings of £250 per month.

Exercise of options

In normal circumstances, options may be exercised during the period of six months commencing on the maturity (that is the relevant bonus date) of the savings contract. Options will be exercisable

immediately on the death of a participant or on his ceasing to be an employee on reaching the age of 65 or at such other age at which that employee is bound to retire in accordance with the terms of his employment or, on his ceasing employment due to injury, disability of redundancy or on an employee ceasing employment after the third anniversary of the grant of an option other than by reason of misconduct. Options will also become exercisable on an employee attaining the age of 65 if he should continue in employment, on the sale or transfer out of the Parity Group of the company, or the business or part of a business to which his employment relates and on a change in control or reconstruction or voluntary winding-up of the Company.

On a change in control or reconstruction of the Company, options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent rights over the shares of the acquiring company or a company associated with it. Rights are equivalent if, broadly speaking, the aggregate market values of the shares under both the old and new options and the aggregate exercise price of each option are, on the day of exchange, equal.

Rights attaching to shares, transfer and other rights

Ordinary Shares allotted following the exercise of an option will rank *pari passu* with the then issued shares of the same class provided that they shall not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of an option.

Until options are exercised, option holders have no voting or other rights in respect of Ordinary Shares covered by their options. Options are not transferable or assignable.

Administration and alteration of the 1999 Sharesave Scheme

The 1999 Sharesave Scheme is administered by the Board. The rules of the 1999 Sharesave Scheme may be amended by the Board in any respect provided that:

- (a) no amendment may be made to the advantage of participants without the prior approval of the Company in general meeting, except for minor amendments to benefit the administration of the 1999 Sharesave Scheme and amendments to provisions which are necessary to meet the requirements of Schedule 3 to obtain and maintain favourable tax, exchange control or regulatory treatment for participants in the 1999 Sharesave Scheme or for any member of the Parity Group; and
- (b) no amendment may be made which would alter to the disadvantage of a participant any rights already acquired by him under the 1999 Sharesave Scheme without the participant's prior consent; and
- (c) no amendment to a provision which is necessary to meet the requirements of Schedule 3 shall take effect whilst the 1999 Sharesave Scheme is approved and is intended to remain approved by HMRC until such amendment has been approved by HMRC.

Termination

The 1999 Sharesave Scheme terminated for the grant of new options on 26 July 2009. Termination does not affect outstanding rights of participants.

22. Significant Change

22.1 There has been no significant change in the financial or trading position of the Parity Group since 31 December 2010, being the date up to which the Company's latest annual audited accounts were prepared.

22.2 There have been no interruptions in the Parity Group's business which have had, or may have, a significant effect on the Parity Group's financial position in the 12 month period preceding the date of this document.

23. General

- 23.1 Singer Capital Markets has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included.
- 23.2 BDO LLP, a member firm of the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion in this document of their report concerning the pro forma financial information on the Company as set out in Section B of Part V of this document and the references thereto in the form and context in which it is included. BDO LLP has authorised the contents of its report for the purposes of Prospectus Rule 5.5.3R(2)f.
- 23.3 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced, the source of such information has been identified and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 23.4 There are no arrangements which may result in a change of control of the Company.
- 23.5 The Ordinary Shares have the EPIC code PTY.
- 23.6 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of Ordinary Shares under CREST. The Existing Ordinary Shares are already admitted to CREST and, accordingly, no further application for admission to CREST is required for the New Ordinary Shares. It is expected that the New Ordinary Shares will be enabled for settlement in CREST as soon as practicable after Admission has occurred. CREST is a voluntary system and Shareholders who wish to receive and retain a share certificate will be entitled to do so.
- 23.7 Assuming that the maximum number of New Ordinary Shares to be issued pursuant to the Issue are issued, the total costs (including fees and commissions) (exclusive of VAT) payable by the Company in connection with the Issue are estimated to amount to approximately £600,000 and the estimated net cash proceeds accruing to the Company from the Issue are approximately £6.4 million.
- 23.8 The Issue Price per New Ordinary Share is payable in full in cash on subscription.
- 23.9 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 23.10 The Existing Ordinary Shares are admitted to the Official List and are traded only on the main market for listed securities of the London Stock Exchange. Application for trading of the New Ordinary Shares is not being and will not be sought on any stock exchange other than the main market for listed securities of the London Stock Exchange.
- 23.11 There have been no public takeover bids by third parties for all or any part of the Company's equity share capital during the last financial year or the current financial year.

24. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES until Admission and for the 14 days following Admission:

- 24.1 the Articles of Association of the Company referred to in paragraph 4 of Part VI of this document;
- 24.2 the 2008 Annual Report and Accounts, the 2009 Annual Report and Accounts and the 2010 Annual Report and Accounts of the Company incorporated into this document by reference;
- 24.3 the service agreements and letters of appointment referred to in paragraph 8 of Part VI of this document;

24.4 the letters of consent referred to in paragraph 23 of Part VI of this document; and

24.5 this document.

25. Information incorporated by reference

Information describing the Company's financial condition, results of operations and historical financial information on the matters referred to below is included in the published Annual Report and Accounts of the Company for the years stated as set out in the table below and incorporated by reference into this document:

<i>Nature of information</i>	<i>For the period from 1 January 2008 to 31 December 2008</i> <i>Page No(s)</i>	<i>For the period from 1 January 2009 to 31 December 2009</i> <i>Page No(s)</i>	<i>For the period from 1 January 2010 to 31 December 2010</i> <i>Page No(s)</i>
Operating Review	7-12	7-10	3-4
Financial Review	13- 15	11-13	5-7
Consolidated income statement/ statements of comprehensive income	34-35	27-28	22-23
Consolidated balance sheet	36	29	22
Consolidated cash flow statement	37	30	26
Consolidated statements of changes in equity	83	28	24
Accounting policies	39-47	31-37	27-32
Notes to the financial statements	39-88	31-72	27-57
Related party transactions	87	72	57
Independent auditor's report	32-33	26	21

The 2008 Annual Report and Accounts, the 2009 Annual Report and Accounts and the 2010 Annual Report and Accounts are available on the Company's website at www.parity.net and the FSA's National Storage Mechanism at www.hemscott.com/nsm. Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or other website) is incorporated into, or forms part of this document.

Dated: 11 May 2011

PART VII

DEFINITIONS

References in this document to statutes or Government agencies are, unless specifically stated otherwise, to statutes or Government agencies in the UK. The following definitions apply throughout this document unless the context requires otherwise:

“1999 Executive Plan”	the Parity Group 1999 Company Share Option Plan
“1999 Option Plans”	The 1999 Executive Plan and the 1999 Unapproved Plan
“1999 Sharesave Scheme”	the Parity Group 1999 Savings Related Share Option Scheme
“1999 Unapproved Plan”	the Parity Group Unapproved Company Share Option Plan
“2009 Approved Plan”	the Parity Group 2009 Company Share Option Plan
“2009 Plan”	the Parity 2009 Senior Executive Option Plan
“2009 Sharesave Scheme”	the Parity Group 2009 Savings Related Share Option Scheme
“2009 Unapproved Plan”	the Parity Group 2009 Unapproved Company Share Option Plan
“2010 Plan”	the Parity 2010 Senior Executive Share Option Plan
“Act”	the Companies Act 2006, as amended
“Acts”	the Companies Act 1985, the Companies Act 1989, the Act, the Regulations and all other statutes, orders, regulations or other subordinate legislation for the time being in force concerning companies so far as they apply to the Company
“Admission”	the admission of the New Ordinary Shares to be issued pursuant to the Firm Placing, the Placing and Open Offer to the Official List and to trading on the London Stock Exchange’s main market for listed securities becoming effective in accordance with the Listing Rules and the LSE Admission Standards
“Application Form”	the application form on which Qualifying Non-CREST Shareholders who are registered on the register of members of the Company as at the Record Date may apply for New Ordinary Shares (including Excess Shares under the Excess Application Facility) under the Open Offer
“Articles” or “Articles of Association”	the current articles of association of the Company at the date hereof, a summary of which is set out in paragraph 4 of Part VI of this document
“Audit Committee”	the audit committee established by the Board
“Board”	the board of directors of the Company from time to time
“Business Day”	means any day (other than a Saturday, Sunday or a public holiday in England) on which clearing banks in the City of London are open for the transaction of normal banking business
“Co-Investment Scheme”	the Parity Group plc 2004 Share Co-Investment Scheme

“Company” or “Parity”	Parity Group plc and, if the context so requires, its subsidiary undertakings
“CREST”	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in uncertified form in respect of which Euroclear is the Operator (as defined in the Regulations)
“Director”	any one of Philip Swinstead, Roger Freeman, Paul Davies, Nigel Tose and Alastair Woolley (together, as the context may require, the “Directors”)
“Disclosure and Transparency Rules”	means the disclosure rules and the transparency rules of the FSA made under section 73A of FSMA, as amended from time to time
“Enlarged Share Capital”	means the issued ordinary share capital of the Company immediately following Admission
“Equiniti”	Equiniti Limited
“Euroclear”	Euroclear UK & Ireland Limited
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for additional New Ordinary Shares in excess of their Open Offer Entitlement (Excess Shares) in accordance with the terms and conditions of the Open Offer, conditional on them taking up their Open Offer Entitlement in full
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full
“Excess Shares”	means New Ordinary Shares not taken up by Qualifying Shareholders pursuant to the Open Offer Entitlement and made available to other Qualifying Shareholders under the Excess Application Facility
“Existing Ordinary Share”	an Ordinary Share in issue at the date of this document
“Financial Statements” or “Annual Report and Accounts”	the annual report of the Company, together with the audited consolidated income statement, statement of cash flows and statement of changes in equity in relation to the relevant financial year of the Company (ending on 31 December in each year), and the audited consolidated balance sheet as at 31 December of the relevant financial year, together with the director’s report, auditor’s report and notes thereon, as incorporated by reference into this document in respect of the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010
“Firm Placing”	the conditional firm placing by Singer Capital Markets of 20,873,087 New Ordinary Shares at the Issue Price pursuant to the Placing Agreement
“Form of Proxy”	the form of proxy for use by Shareholders in respect of the General Meeting
“FSA”	the UK Financial Services Authority
“FSMA”	the UK Financial Services and Markets Act 2000, as amended

“General Meeting”	the general meeting of the Company to be held on 27 May 2011 or any adjournment of that meeting, notice of which is set out on pages 118 and 119 of this document
“Group” or “Parity Group”	the Company and its subsidiary undertakings
“HMRC”	HM Revenue and Customs
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards
“Issue”	the issue of New Ordinary Shares pursuant to the Firm Placing, the Placing and Open Offer which is conditional (<i>inter alia</i>) on the passing of the Resolutions at the General Meeting
“Issue Price”	23p per New Ordinary Share
“Listing Rules”	the listing rules of the UK Listing Authority made under Part VI of FSMA
“London Stock Exchange”	London Stock Exchange plc
“LSE Admission Standards”	the rules issued by the London Stock Exchange in relation to the admission of securities to trading on the London Stock Exchange’s main market for listed securities
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007/2157), as amended from time to time
“Net Proceeds”	the net cash proceeds of the Issue (after deduction of all expenses and commissions relating to the Issue payable by the Company)
“New Ordinary Shares”	the new Ordinary Shares to be issued by the Company pursuant to the Issue
“Official List”	the Official List of the UK Listing Authority
“Open Offer”	the offer to Qualifying Shareholders, constituting an invitation to apply for New Ordinary Shares, on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form
“Open Offer Entitlement”	the entitlement of Qualifying Shareholders to apply for Open Offer Shares on the basis of 1 Open Offer Share for every 4 Existing Ordinary Shares held and registered in their names at the close of business on the Record Date
“Open Offer Shares”	the New Ordinary Shares being offered in aggregate to Qualifying Shareholders pursuant to the Open Offer together, where the context requires, with Excess Shares available under the Excess Application Facility
“Option”	the option to subscribe for up to 686,816 Ordinary Shares at the Issue Price, to be issued to Singer Capital Markets, pursuant to the Option Agreement
“Option Agreement”	the agreement between Singer Capital Markets and the Company setting out the terms of the grant of the Option, further details of which are set out in paragraph 15.4 of Part VI of this document

“Ordinary Shares”	ordinary shares of 2 pence each in the capital of the Company (ISIN code GB00B1235860)
“Overseas Shareholders”	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom
“Placing”	the conditional placing by Singer Capital Markets of 9,561,696 New Ordinary Shares at the Issue Price pursuant to the Placing Agreement
“Placing Agreement”	the Placing and Open Offer agreement dated 11 May 2011 between the Company (1) and Singer Capital Markets (2), a summary of which is set out in paragraph 15.1 of Part VI of this document
“Prohibited Territories”	Australia, Canada, Japan, New Zealand, the Republic of Ireland, the Republic of South Africa, United States and their respective territories and possessions and “Prohibited Territory” shall mean any one of them
“Prospectus Rules”	the prospectus rules of the FSA
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares are held in uncertificated form
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares are held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date with the exclusion (subject to exceptions) of persons with a registered address or located in, or resident in, a Prohibited Territory
“Receiving Agent”	Equiniti Limited
“Record Date”	9 May 2011
“Registrar” or “Equiniti”	Equiniti Limited
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended
“Regulation S”	Regulation S of the Securities Act
“Remuneration Committee”	the remuneration committee established by the Board
“Resolutions”	the resolutions to be proposed at the General Meeting
“Securities Act”	the US Securities Act of 1933, as amended and the rules and regulations promulgated thereunder
“Share Schemes”	the 1999 Sharesave Scheme, the 2009 Approved Plan, the 2009 Sharesave Scheme, the 2009 Plan, the 2009 Unapproved Plan, the 2010 Plan and, if the context so requires, the Co-Investment Scheme
“Shareholders”	holders of Ordinary Shares
“Singer Capital Markets” or “Sponsor”	Singer Capital Markets Limited

“Takeover Panel”	the Panel on Takeovers and Mergers
“Turnbull Guidance”	Internal Control: Guidance for Directors on the Combined Code
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“UK”	United Kingdom of Great Britain and Northern Ireland
“USA” or “United States”	the United States of America, its territories and possessions, any state in the United States of America, the District of Columbia and all other areas subject to its jurisdiction
“US Person”	a US Person as defined in Regulation S of the Securities Act
“VAT”	value added tax

PART VIII

NOTICE OF GENERAL MEETING

PARITY GROUP PLC

(a public limited company incorporated in England and Wales with registered no. 03539413)

NOTICE IS HEREBY GIVEN that a general meeting of Parity Group plc (the “**Company**”) will be held at Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU, on Friday, 27 May 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing resolutions 1 and 2 as ordinary resolutions and resolution 3 as a special resolution:

ORDINARY RESOLUTIONS

1. That, subject to and conditional upon the passing of resolutions 2 to 6, in addition to all existing authorities granted pursuant to section 551 of the Companies Act 2006 (the “**Act**”), the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company up to a nominal amount of £608,696 in connection with the Issue (as such term is defined in the prospectus issued by the Company dated 11 May 2011, a copy of which is produced to the Meeting and initialled by the Chairman for identification purposes (the “**Prospectus**”)) and up to a nominal amount of £13,737 in connection with the Option (as such term is defined in the Prospectus) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2012, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted, or rights to be granted, after such expiry and the Board may allot shares or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
2. That, subject to and conditional upon the passing of resolution 1 and resolution 3, the terms of the Issue including, *inter alia*, the issue price of 23 pence per share (representing a discount of 16.4 per cent. to the mid-market closing price of the Ordinary Shares of 2 pence each in the capital of the Company as derived from the Daily Official List of London Stock Exchange plc on 10 May 2011, being the latest trading day prior to the announcement of the Issue) be and are hereby approved.

SPECIAL RESOLUTION

3. That, subject to and conditional upon the passing of resolutions 1 and 2, in addition to all existing authorities granted pursuant to section 571 of the Act, the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 1 as if section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities in the Company up to a nominal amount of £608,696 in connection with the Issue and up to a nominal amount of £13,737 in respect of the Option and shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012, save that the Company may before such expiry make an offer or agreement which would or might require equity securities in the Company to be allotted after such expiry and the Board may allot equity securities in the Company in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Parity Group plc

Registered office:

Wimbledon Bridge House
1 Hartfield Road
Wimbledon
London
SW19 3RU

Dated: 11 May 2011

Notes:

1. Only holders of ordinary shares are entitled to attend and vote at the General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this Notice and instructions for completion are shown on the form. Forms of proxy need to be deposited with the Company's registrars at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZX, so as to arrive by no later than 11.00 a.m. on 25 May 2011, being 48 hours before the start of the General Meeting. If you are a member of CREST, you may register the appointment of a proxy through the CREST electronic appointment service using CREST ID RA19. For further details, please refer to the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
3. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear UK & Ireland") specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for the receipt of proxy appointments specified in note 2 above. 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 CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
4. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland does not make available special procedures in CREST for any particular message. 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(s) take(s) such action shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST systems and timing.
5. 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.
6. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by visiting the website of Equiniti, at www.sharevote.co.uk. You will need the Voting ID, Task ID and Shareholder Reference Number given on the form of proxy. For an electronic proxy appointment to be valid, your appointment must be received by Equiniti Limited no later than 11.00 a.m. on 25 May 2011, being 48 hours before the start of the General Meeting.
7. Completion of a form of proxy or the appointment of a proxy electronically does not preclude members attending and voting in person at the General Meeting, should they so wish.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 25 May 2011, or, in the event of any adjournment, at 6.00 p.m. on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
9. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly the disclosure of confidential information, (b) the answer has already been given on a website in the form of the answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
11. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
12. As at 10 May 2011 (being the last business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 38,246,784 ordinary shares of 2 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 10 May 2011 were 38,246,784.
13. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice or in any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
14. A copy of this notice, and other information required by section 311A of the Act, can be found at www.parity.net.

