



**K3 Business Technology Group plc**  
(incorporated in England and Wales with registered number 02641001)

**NOTICE OF  
ANNUAL GENERAL MEETING**

**THIS DOCUMENT IS IMPORTANT  
AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in K3 Business Technology Group plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

## PART 1 – LETTER FROM THE CHAIRMAN

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### **K3 Business Technology Group plc**

21 April 2010

Dear Shareholder

#### **K3 Business Technology Group plc (“K3” or “the Company”)**

##### **Annual General Meeting**

I am pleased to enclose formal notice of K3’s next annual general meeting (“AGM”), which is to be held on 26 May 2010 at the Company’s offices at Baltimore House, 50 Kansas Avenue, Manchester M50 2GL commencing at 10.30am.

The meeting will be the first of two AGMs to be held in 2010 following the change of the Company’s accounting reference date from 31 December to 30 June. Although the financial statements for the 12-month period to 31 December 2009 are not audited, as a result of the change of accounting reference date, the Board considers it appropriate to lay the unaudited financial statements before the meeting and otherwise to transact business that the Company would usually deal with at the AGM.

The business to be transacted at the AGM includes receiving the unaudited financial statements of the Company for the 12-month period ending 31 December 2009; re-electing Mr T A Milne, who retires under the Articles of Association; re-appointing the auditors and authorising the directors to fix the auditors’ remuneration. Shareholders will also be asked to approve a dividend of 0.5p per ordinary share of 25p each in the capital of the Company, to authorise the directors to allot relevant securities in the capital of the Company up to a maximum nominal value of £2,137,007; and to disapply pre-emption rights in respect of certain allotments, which are set out in Resolution 6.

##### **Recommendation**

The directors of the Company consider that all the proposals to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do so in respect of their own beneficial holdings.

Yours sincerely

**T A Milne**  
*Chairman*

## PART 2 – NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the annual general meeting of the Company will be held at the Company's offices at Baltimore House, 50 Kansas Avenue, Manchester M50 2GL on 26 May 2010 at 10.30 am at which the following business will be transacted.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 5 will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution.

### Resolutions

#### Ordinary Business

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

1. To receive the directors' reports and the financial statements for the 12-month period ended 31 December 2009.
2. To re-elect Mr T A Milne as a director in accordance with Article 96 of the Articles of Association.
3. To re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which financial statements are laid before the Company and to authorise the directors to fix their remuneration.
4. To declare a dividend for the 12-month period ended 31 December 2009 of 0.5p per ordinary share of 25p each in the issued share capital of the Company.
5. That the directors of the Company be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the 2006 Act"), to exercise all powers of the Company to allot relevant securities (within the meaning the 2006 Act) up to an aggregate nominal amount of £2,137,007 (being approximately one-third of the issued share capital of the Company at the date of this resolution) provided that this authority shall unless previously revoked or varied by the Company in general meeting expire five years from the date of this resolution, 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 directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous authorities conferred upon the directors pursuant to section 80 of the Companies Act 1985 and/or section 551 of the 2006 Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

To consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

6. That subject to and conditional on the passing of resolution 5 above, the directors of the Company be and they are empowered pursuant to section 570(1) of the 2006 Act to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution 5 above as if section 561(1) of the 2006 Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:
  - 6.1 in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
  - 6.2 otherwise than pursuant to sub-paragraph 6.1 above, up to an aggregate nominal amount of £641,102 (being approximately one-tenth of the issued share capital of the Company at the date of this resolution)

and, unless previously renewed, revoked or varied by the Company in general meeting, shall expire five years from the date of this resolution, or if earlier the date of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors of the Company may allot equity securities and/or sell equity securities held as treasury shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Registered Office

K3 Business Technology Group plc  
Baltimore House  
50 Kansas Avenue  
Manchester  
M50 2GL

Dated 21 April 2010

By order of the Board

RL Smith  
Secretary

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### Notes to the Notice of Annual General Meeting

Please refer to notes 9 to 18 relating to entitlement to attend and vote at the meeting and the appointment of proxies.

1. Mr T A Milne was appointed Executive Chairman of the Company on 24 May 2006. He has substantial experience in the retail software sector and in developing successful software companies in this sector. Mr Milne is the founder of Riva Group plc, one of the first Microsoft Windows retail software houses in the UK. He assumed the role of Non-executive Chairman of the Company on 21 June 2007, following the successful conclusion of his executive role within K3's retail software division.
2. The payment of a dividend requires approval of the shareholders and that approval is sought in Resolution 4.
3. Resolution 5 would empower the directors to allot relevant securities for any reason up to an aggregate nominal amount of £2,137,007 representing approximately one-third of the issued share capital of the Company at the date of the notice of Annual General Meeting.
4. Resolution 6 would empower the directors to allot equity securities for cash other than to existing shareholders pro rata to their existing holdings. Such power would be limited to the situations referred to in sub-paragraphs 6.1 and 6.2 of that resolution. Sub-paragraph 6.1 refers to rights issues and similar issues, where difficulties arise in offering relevant securities to certain overseas shareholders or where fractional entitlements arise. Sub-paragraph 6.2 permits allotments for cash (other than rights issues or similar) of ordinary shares up to an aggregate nominal amount of £641,102 representing approximately one-tenth of the current issued ordinary share capital of the Company. The resolution is proposed so as to give the directors greater flexibility to take advantage of business opportunities as they arise. The directors have no present intention of exercising the authority.
5. On a show of hands every shareholder present in person has one vote, on a poll every shareholder has one vote for each share held by him. The necessary quorum at this meeting is two members present in person or by proxy and entitled to vote upon the business to be transacted.

*Continues overleaf*

## Notes to the Notice of Annual General Meeting (continued)

6. The Company specifies that only those members registered on the Company's register of members at:
- 6.00 pm on 24 May 2010; or,
  - if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting
- shall be entitled to attend and vote at the Meeting.

### Issued shares and total voting rights

7. As at 5.00 pm on 20 April 2010, the Company's issued share capital comprised 25,644,088 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 pm on 20 April 2010 is 25,644,088.

### Documents on display

8. The following documents will be available for inspection at Baltimore House, 50 Kansas Avenue, Manchester M50 2GL from the date of the notice of the Annual General Meeting until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:
- Copies of the service contracts of executive directors of the Company.
  - Copies of the letters of appointment of the non-executive directors of the Company.

### Appointment of proxies

9. If you are a member of the Company at the time set out in note 6 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
10. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
11. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Further copies of this form may be obtained by photocopying this form. Please indicate in the box next to the proxy's name the number of shares in relation to which he/she is authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned in the same envelope.
12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### Appointment of proxy using hard copy proxy form

13. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.
- To appoint a proxy using the proxy form, the form must be:
- completed and signed;
  - sent to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or delivered to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham Road, Kent BR3 4TU; and
  - received by Capita Registrars no later than 10.30 am on 24 May 2010.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### Proxy voting using the Registrar's share portal

14. You may also submit your proxy vote electronically using the Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com). If not already registered for the Share Portal, you will need your Investor Code as shown on a recent dividend tax voucher or recent share certificate. For an electronic proxy vote to be valid, your appointment must be received by no later than 10.30am on 24 May 2010.

### CREST proxy voting (uncertificated shareholders)

15. a) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

- b) 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' (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 issuers' agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Appointment of proxy by joint members

16. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Changing proxy instructions

17. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars on 0871 664 0300. Calls cost 10 pence per minute plus network extras. Lines are open 8.30am to 5.30pm Monday to Friday.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which of more than one valid proxy appointment was deposited or delivered last in time, none of them shall be treated as valid in respect of the share(s) to which they relate.

### Termination of proxy appointments

18. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.30 am on 24 May 2010.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.