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The London Stock Exchange has not examined or approved the contents of this document. The whole of the text of this document should be read.

ZOO DIGITAL GROUP PLC

(Incorporated and registered in England and Wales with registered number 3858881)

Proposed Placing of 4,252,500 new Ordinary Shares at 40p per share to raise approximately £1.70 million

Proposed Conversion of Loan Notes into 4,426,250 new Ordinary Shares and Extension of the outstanding Loan Notes

Notice of General Meeting

and

Notice of Extraordinary General Meeting of Loan Noteholders

Your attention is drawn to the letter from the Chairman of ZOO set out in this document which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of ZOO, to be held at the offices of finnCap, 60 New Broad Street, London, EC2M 1JJ at 10.00 a.m. on 6 September 2011, is set out at the end of this document. The Form of Proxy for use at the General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach the Company's registrar, Share Registrars Limited, Suite E First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL by not later than 10.00 a.m. on 2 September 2011. Completion of a Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

Notice of Loan Noteholders GM to be held at the offices of finnCap, 60 New Broad Street, London, EC2M 1JJ at 10.10 a.m. on 6 September 2011 (or as soon thereafter as the General Meeting convened for 10.00 a.m. on the same day and at the same place shall have been concluded), will be posted to Loan Noteholders. The Loan Noteholder Form of Proxy for use at the of Loan Noteholders GM, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach the Company's registrar, Share Registrars Limited, Suite E First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL by not later than 10.10 a.m. on 2 September 2011. Completion of a Loan Noteholder Form of Proxy will not prevent a Loan Noteholder from attending the meeting and voting in person.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	10 August 2011
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 2 September 2011
Latest time and date for receipt of Loan Noteholder Forms of Proxy	10.10 a.m. on 2 September 2011
General Meeting	10.00 a.m. on 6 September 2011
Loan Noteholders GM	10.10 a.m. on 6 September 2011
Admission of the Placing Shares and Conversion Shares to AIM	8.00 a.m. on 7 September 2011
Delivery of Placing Shares to CREST stock accounts	7 September 2011
Delivery of the Conversion Shares to CREST stock accounts	8.00 a.m. on 7 September 2011
Despatch of definitive share certificates for the Placing Shares and the Conversion Shares	by 30 September 2011

SHARE CAPITAL AND PLACING STATISTICS

Number of Existing Ordinary Shares	23,882,410
Number of Placing Shares	4,252,500
Number of Conversion Shares	4,426,250
Enlarged issued share capital following admission of the Placing Shares and the Conversion Shares to trading to AIM	32,561,160
Placing Price	40p
Gross proceeds of the Placing (before expenses)	£1.70 million (approx.)
Market capitalisation of the Company, following the Placing at the Placing Price and the issue of the Conversion Shares	£13.0 million (approx.)

DEFINITIONS

The following definitions apply throughout this document, except where the context requires otherwise.

“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as issued by the London Stock Exchange from time to time governing, <i>inter alia</i> , the admission of securities to AIM
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company, whose names are set out on page 6 of this document
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks are open in the City of London for the conduct of normal banking business
“Company” or “ZOO”	ZOO Digital Group plc, a company incorporated in England & Wales with registered number 3858881, whose registered office is at The Tower, 2 Furnival Square, Sheffield, S1 4QL, United Kingdom
“Companies Act”	the Companies Act 2006 (as amended)
“Conversion”	the conversion of £1,770,500 of the Loan Notes into the Conversion Shares, at 40 pence per share
“Conversion Shares”	the 4,426,250 new Ordinary Shares arising as a result of the Conversion
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations)
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission, including the Placing Shares and the Conversion Shares
“Extension”	the extension and variation to the terms of the Loan Note Instrument such that £1,770,500 of the outstanding Loan Notes are to be extended and become redeemable on 31 October 2013 and will carry a coupon of 7.5 per cent. from Admission further details of which are set out in paragraph 6 of this document
“Existing Ordinary Shares”	the 23,882,410 Ordinary Shares in issue at the date of this document
“finnCap”	finnCap Limited, a company regulated by the FSA incorporated in England & Wales with registered number 06198898, whose registered office is at 60 New Broad Street, London EC2M 1JJ, the Company’s nominated adviser and broker
“Foresight Group”	funds managed by Foresight Group
“Form(s) of Proxy”	the form(s) of proxy accompanying this document for use by Shareholders at the General Meeting
“FSA”	Financial Services Authority

“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company convened for 10.00 a.m. on 6 September 2011 (or any adjournment thereof), notice of which is set out at the end of this document
“Group”	the Company and its subsidiaries as at the date of this document
“Independent Directors”	the Directors other than Stuart Green
“Loan Noteholder Form(s) of Proxy”	the form(s) of proxy for use by Loan Noteholders at the Loan Noteholders GM
“Loan Noteholders”	the holders of the Loan Notes
“Loan Noteholders GM”	the extraordinary general meeting of the Loan Noteholders convened for 10.10 a.m. on 6 September 2011 (or as soon thereafter as the General Meeting shall have been concluded)
“Loan Noteholders Resolutions”	the extraordinary resolutions to be proposed at the Loan Noteholders GM
“Loan Note Instrument”	the instrument of the Company dated 1 September 2006 constituting the £3,541,000 of Loan Notes
“Loan Notes”	the £3,541,000 convertible unsecured loan notes of the Company issued pursuant to the Loan Note Instrument
“London Stock Exchange”	the London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Conversion Shares
“Notice of General Meeting”	the notice of General Meeting set out at the end of this document
“Ordinary Shares”	ordinary shares of 15p each in the capital of the Company
“Placing”	the placing to certain institutional and other investors of the Placing Shares at the Placing Price per share pursuant to the Placing Agreement which is conditional on, <i>inter alia</i> , the passing of the Resolutions
“Placing Agreement”	the agreement, dated 9 August 2011, between the Company and finnCap relating to, <i>inter alia</i> , the Placing
“Placing Price”	40 pence per Placing Share
“Placing Shares”	the 4,252,500 new Ordinary Shares which will be issued pursuant to the Placing
“Related Party Transactions”	the participation in the Placing by Stuart Green, a director of the Company and by his wife, Sara Green in the Conversion and the Extension, together with the participation of Herald Investment Management and Foresight Group in the Placing, the Conversion and the Extension
“Regulations”	the Uncertificated Securities Regulations 2001 (S1 2001 No. 3755)
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Shareholders”	holders of Ordinary Shares

LETTER FROM THE CHAIRMAN

ZOO Digital Group plc

(Incorporated and registered in England and Wales with registered number 3858881)

Directors:

Roger Jeynes (*Chairman*)
Dr Stuart Green (*Chief Executive Officer*)
Helen Gilder (*Group Finance Director*)
Gordon Doran (*Commercial Director*)
James Livingston (*Non-executive Director*)

Registered Office:

The Tower
2 Furnival Square
Sheffield
S1 4QL

10 August 2011

To Shareholders and Loan Noteholders

Dear Shareholder,

1. Introduction

The Company has today announced that it has conditionally raised approximately £1.70 million subject, *inter alia*, to the passing of the Resolutions at the General Meeting, by way of a placing of 4,252,500 new Ordinary Shares at a price of 40 pence per share to provide working capital to enable the development of the Company's business in new markets, including developing its Electronic Books ("eBooks") product offering as detailed in paragraph 3 below.

The Company is seeking the approval of the Loan Noteholders to convert and/or restructure and extend all of the £3,541,000 of the outstanding Loan Notes, which were due to mature and be repaid by the Company on 31 October 2011. The Directors are of the belief that the conversion of £1,770,500 of the Loan Notes into 4,426,250 new Ordinary Shares and the extension of the term in respect of the balance of £1,770,500 of the Loan Notes to 31 October 2013 will strengthen the Company's balance sheet.

Further details of the Placing, the Conversion and the Extension of the Loan Notes are set out in paragraph 6 below.

The Company is seeking the authority of Shareholders at the General Meeting to provide the Directors with authority to allot and issue the Placing Shares and the Conversion Shares and to allot further shares and/or to grant rights to subscribe for or convert any security into Ordinary Shares up to a nominal amount of £553,281.30 and to disapply the statutory rights of pre-emption in relation to the allotment of the Placing Shares and the Conversion Shares and otherwise up to a nominal amount of £1,855,093.80. In addition, the Company is also seeking similar authorities in respect of any Ordinary Shares that come to be allotted pursuant to future conversions of Loan Notes. The Resolutions to be proposed at the General Meeting are contained in the Notice of General Meeting set out at the end of this document.

The Company is also seeking the authority of Loan Noteholders at the Loan Noteholders GM to vary certain of the Loan Noteholders' rights and to make amendments to the Loan Note Instrument in order to effect the Conversion and the Extension together with certain other consequential amendments to the terms and conditions of the Loan Note Instrument.

The purpose of this letter is to outline the reasons for, and to explain the terms of the Placing, the Conversion and the Extension and to explain why the Board considers the Resolutions and the Loan Noteholders Resolutions to be in the best interests of the Company, the Shareholders and the Loan Noteholders as a whole and why the Independent Directors recommend that you vote in favour of the Resolutions at the General Meeting and the Loan Noteholders Resolutions at the Loan Noteholders GM as they intend to do in respect of the Ordinary Shares and Loan Notes which are legally and beneficially held by them.

2. Reasons for the Placing and the use of the proceeds

The Company has successfully marketed its automated workflow management software to the filmed entertainment market. As described in the Company's announcement of its unaudited preliminary financial results today, the Company has sought to expand on this success by attracting new customers to its existing product set, while developing new software solutions to market to both existing clients and new clients across a range of sectors including the regionalisation of packaging materials, publishing (notably eBooks), music, and interactive entertainment.

The net proceeds of the Placing will be deployed toward accelerating the adoption of the Company's software in new markets, particularly eBooks. The Directors believe that the Company's software is well suited to the production of media rich eBooks including picture books, comics, graphic novels, cookery books, travel guides and encyclopaedias.

Specifically, in view of the rapid growth of the market for the Company's technology, the employment of additional technical staff will be required to accelerate the development of software, production staff to provide the eBook services, and sales and marketing staff to support the client base.

3. The eBooks Market

The global eBooks market is particularly attractive to ZOO. With almost \$1bn suggested to be likely to have been spent on eBooks in the US during 2010 and with this market expected to reach \$3 billion by 2015, according to Forrester Research, publishing companies are increasingly seeking efficient ways to convert their products into eReader-friendly formats. To illustrate this, the Directors note that the Hachette Book Group, the 3rd largest book publisher worldwide, recently announced that eBooks accounted for 22 per cent. of its revenues in the first quarter of 2011, whilst amazon.co.uk state that almost 800,000 of its 35 million books for sale are in eBook format. The Association of American Publishers echoed the notion by announcing that digital books became the largest single format of books in the US in February 2011.

As announced previously, the Company's expertise in providing workflow and automation software for the film production market can be applied to, amongst others, this rapidly growing eBooks market. ZOO's products enable publishers to repurpose traditional books for sale online across a range of eReader devices, including both the Amazon Kindle and Apple iPad (the two largest eReaders by market share). The Directors believe that their strategic proposition is clearly different to its competitors, whereby ZOO's proprietary, automation software technology provides efficiencies and economies superior to competitors' reliance on human labour.

4. Summary of Financial Results for the Year ended 31 March 2011

The Company is pleased today to have reported its unaudited preliminary financial results for the year ended 31 March 2011. Shareholders are advised to review that announcement for a detailed report of the Company's financial results for the year ended 31 March 2011.

In summary, for the year to 31 March 2011, ZOO is pleased to have performed in line with market expectations. The Group increased its operating profit to \$1.3 million (compared with \$821k for the year ended 31 March 2010), and EBITDA rose to \$2.2 million (from \$1.6 million in the previous year), despite a decline in revenue to \$14 million (from \$15 million in the previous year).

The decline in revenue arose from two primary causes: a short-term slowdown in projects from the Company's largest customer during a major organisational change within a division of the customer and a reduction in the amount of low margin subtitling work which has traditionally been subcontracted to a third party vendor. Cash generation was also affected by this temporary slowdown in orders, and the cash balance at 31 March 2011 was \$0.6 million (\$1.2 million at 31 March 2010).

5. The Loan Notes

The Loan Notes, amounting to £3,541,000, all of which are currently outstanding, were issued by the Company in September 2006 to a number of institutional and private investors, carry a coupon of 6 per cent. per annum (payable half-yearly), with maturity on 31 October 2011. The conversion price of the Loan Notes under the terms of the Loan Note Instrument is 48.75 pence per Ordinary Share converted.

Subject to the passing of the Resolutions and the Loan Noteholder Resolutions and completion of the Placing, the Company intends to convert £1,770,500 of the Loan Notes into the 4,426,250 Conversion Shares and the balance of the Loan Notes, being £1,770,500, will remain outstanding and will be subject to an amended Loan Note Instrument, maturing on 31 October 2013.

In order to effect this, it is proposed that two fundamental amendments are to be made to the rights of the Loan Noteholders and the terms and conditions of the Loan Note Instrument in order to effect the proposed restructuring of the Loan Notes and in order to effect the Conversion and the Extension:

- Conversion – the Loan Noteholders are being asked to agree to the conversion of 50 per cent. of the Loan Notes (representing £1,770,500 of Loan Notes) at a price of 40 pence per Ordinary Share and accordingly 4,426,250 Conversion Shares would be issued following Admission. As a result of the Conversion, the total amount of Loan Notes in issue would be reduced to £1,770,500; and
- Extension – following completion of the Conversion and the allotment of Conversion Shares, the Loan Note Instrument will be amended so that the balance of approximately £1,770,500 of Loan Notes will mature and become redeemable by the Company on 31 October 2013 and will, following Admission, carry a coupon of 7.5 per cent. This amendment to the Loan Note Instrument will also provide for the Loan Noteholders to be able to convert the Loan Notes at any time at the price of 48 pence of Loan Notes per Ordinary Share.

In addition, further amendments are proposed to be made to the Loan Note Instrument: (i) to enable the Company to redeem Loan Notes at any time, *pro rata* to the holding of Loan Noteholders; and (ii) to vary the share price hurdle to £2.50 per share which must be satisfied to enable the Company to convert the Loan Notes pursuant to the Loan Note Instrument.

Subject to the passing of the Loan Noteholder Resolutions, following completion of the Conversion and immediately following Admission, £1,770,500 of Loan Notes will remain outstanding and issued and will be subject to the new terms and conditions pursuant to the amendments made to the Loan Note Instrument as a result of the Extension.

6. Details of the Placing, the Conversion and the Extension

The Company has today announced that it intends to raise approximately £1.70 million, before expenses, through the conditional Placing by finnCap of 4,252,500 Placing Shares at a price of 40 pence per share (representing 13.1 per cent. of the Enlarged Share Capital), and the Conversion in respect of which the 4,426,250 Conversion Shares (representing 13.6 per cent. of the Enlarged Share Capital) will be issued and allotted to certain of the Loan Noteholders, as detailed below.

The Placing Agreement

Under the terms of the Placing Agreement, finnCap has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the Placing Shares with certain institutional and other investors at the Placing Price per share. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting, the Loan Noteholders Resolutions being passed at the Loan Noteholders GM and Admission becoming effective on or before 8.00 a.m. on 7 September 2011 (or such later time and/or date as the Company and finnCap may agree, but in any event by no later than 8.00 a.m. on 30 September 2011).

The Placing Agreement contains warranties from the Company in favour of finnCap in relation to, *inter alia*, the accuracy of the information in this document, the fact that the Group has and will have sufficient working capital for its present requirements, that is for at least 12 months following Admission, and certain other matters relating to the Company and its business. In addition, ZOO has agreed to indemnify finnCap in relation to certain liabilities it may incur in respect of the Placing. finnCap has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties.

Under the Placing Agreement and subject to it becoming unconditional in all respects and not being terminated in accordance with its terms, the Company has agreed to pay finnCap, together with any applicable value added tax, a commission and a corporate finance advisory fee.

The Loan Notes

As detailed in paragraph 5 above, subject to the passing of the Loan Noteholders Resolutions and the completion of the Placing, the Loan Noteholders have agreed as follows:

- that £1,770,500 of the Loan Notes be converted into 4,426,250 Conversion Shares at 40 pence per share (representing 50 per cent. of the Loan Notes currently in issue); and
- that £1,770,500 of the Loan Notes (representing 50 per cent. of the Loan Notes currently in issue) be extended to mature on 31 October 2013 and to carry a coupon of 7.5 per cent.

The New Ordinary Shares will, following allotment, rank *pari passu* with the Existing Ordinary Shares.

The Placing, the Conversion and the Extension are conditional on the approval by Shareholders of the Resolutions to be proposed at the General Meeting and the approval by Loan Noteholders of the Loan Noteholders Resolutions to be proposed at the Loan Noteholders GM.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the New Ordinary Shares on AIM will commence on 7 September 2011.

Participation of Directors

Stuart Green and his wife have agreed to subscribe for 250,000 Placing Shares and for the conversion of Sara Green's £171,000 interest in the Loan Notes (representing half of their beneficial interest in the Loan Notes) which will result in the issue of 427,500 Conversion Shares. Together with his wife, Stuart Green will on Admission be interested in 4,857,335 Ordinary Shares, representing 14.9 per cent. of the Enlarged Share Capital and Sara Green will be interested in £171,000 of the Loan Notes which will follow the Extension.

7. Capital structure following the Placing and the Conversion

Following Admission, the Company will have 32,561,160 Ordinary Shares in issue. The passing of the Resolutions at the General Meeting will give the Directors the authority to allot the Placing Shares and the Conversion Shares and thereafter to allot up to a further 3,688,542 new Ordinary Shares, further details of which can be found in paragraph 8 below.

The current interests of the Directors and those persons holding in excess of 3 per cent. or more and such persons' interests in the Enlarged Share Capital are set out below:

<i>Name</i>	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>	<i>Number of immediately following Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Herald Investment Management	3,590,102	15.1%	6,551,352	20.1%
Foresight Group*	3,794,689	15.9%	6,213,439	19.1%
Stuart Green**	4,179,835	17.5%	4,857,335	14.9%
JM Finn & Co	1,966,712	8.2%	3,112,962	9.6%
Multi Packaging Solutions, Inc.	2,148,642	9.0%	2,148,642	6.6%
South Yorkshire Investment Capital Fund	1,382,564	5.8%	1,945,064	6.0%
Ian Stewart***	1,705,365	7.2%	1,705,365	5.2%

* Comprising funds managed by the Foresight Group

** Combined interest of Stuart Green and his wife

*** Combined interest of Ian Stewart and his wife

8. General Meeting

The notice convening the General Meeting to be held at the offices of finnCap, 60 New Broad Street, London, EC2M 1JJ at 10.00 a.m. on 6 September 2011 is set out at the end of this document at which the following resolutions will be proposed:

Resolution 1

An ordinary resolution to give the Directors authority to allot up to 8,678,750 new Ordinary Shares in respect of the Placing and the Conversion and in addition, general authority to allot shares or grant rights to subscribe shares up to an aggregate nominal amount of £553,281.30 (being 3,688,542 Ordinary Shares), such authority to expire on 31 October 2013.

Resolution 2

Subject to the passing of Resolution 1, a special resolution to dis-apply the statutory pre-emption rights in respect of the allotment of up to 8,678,750 new Ordinary Shares in respect of the Placing and the Conversion and in addition, a general disapplication authority to allot shares up to an aggregate nominal amount of £553,281.30 (being 3,688,542 Ordinary Shares), such authority to expire on 31 October 2013.

Resolution 3

Subject to the passing of Resolutions 1 and 2 above, an ordinary resolution to give the Directors authority to allot new Ordinary Shares in the Company in respect of any potential conversion of the balance of Loan Notes in issue following Admission at any time prior to the maturity of Loan Note Instrument on 31 October 2013, such authority to expire on 31 October 2013.

Resolution 4

Subject to the passing of Resolution 3, a special resolution to dis-apply the statutory pre-emption rights in respect of the allotment of the new Ordinary Shares pursuant to Resolution 3, such authority to expire on 31 October 2013.

9. Loan Noteholders GM

Notice convening the Loan Noteholders GM, to be held at the offices of finnCap, 60 New Broad Street, London EC2M 1JJ at 10.10 a.m. on 6 September 2011 (or as soon thereafter as the General Meeting convened for 10.00 a.m. on the same day and at the same place shall have been concluded), will be sent to Loan Noteholders and the following extraordinary resolutions of Loan Noteholders will be proposed at such meeting:

Resolution 1

An extraordinary resolution to modify the rights of the Loan Noteholders to approve the conversion of £1,770,500 of the Loan Notes into 4,426,250 Conversion Shares (representing 50 per cent. of the Loan Notes).

Resolution 2

An extraordinary resolution to modify the terms and conditions of the Loan Note Instrument such that, *inter alia*, the remaining £1,770,500 of Loan Notes in issue (currently representing the 50 per cent. of the Loan Notes) be extended to mature on 31 October 2013 carrying a coupon of 7.5 per cent. and additionally that the Company have the right of redemption at any time prior to such maturity date and further that the share price hurdle in respect of the Company's right to convert the Loan Notes be varied.

Resolution 3

An extraordinary resolution to approve the special resolutions passed by the shareholders at the General Meeting.

10. Action to be taken

Shareholders

Shareholders will find a Form of Proxy enclosed with this document for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's registrars, Share Registrars Limited, at their office, being Suite E, First Floor, Lamb Yard, Farnham, Surrey GU9 7LL, not later than 10.00 a.m. on 2 September 2011,

being 48 hours (excluding weekends) before the time appointed for holding the General Meeting. Completion of the Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

Loan Noteholders

Loan Noteholders will receive a Loan Noteholder Form of Proxy for use at the Loan Noteholders GM. Whether or not you intend to be present at the Loan Noteholders GM, you are requested to complete and return the Loan Noteholder Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Loan Noteholder Forms of Proxy must be received by the Company's registrars, Share Registrars Limited, at their office, being Suite E, First Floor, Lamb Yard, Farnham, Surrey GU9 7LL, not later than 10.10 a.m. on 2 September 2011, being 48 hours (excluding weekends) before the time appointed for holding the Loan Noteholders GM. Completion of a Loan Noteholder Form of Proxy will not preclude a Loan Noteholder from attending the meeting and voting in person if he so wishes.

11. Irrevocable Undertakings

Each of the Directors has given irrevocable undertakings to vote in favour of the Resolutions at the General Meeting in respect of their own beneficial holdings of Ordinary Shares, totalling 4,255,854 Ordinary Shares, representing, in aggregate, 17.82 per cent. of the Existing Ordinary Shares.

The Company has received irrevocable undertakings representing £3,478,000 of the Loan Notes (being 98.2 per cent. of the Loan Notes) to vote in favour of the Loan Noteholders Resolutions at the Loan Noteholders GM.

12. Venture Capital Trusts

HM Revenue & Customs has given provisional approval that the Placing Shares to be issued qualify for relief under VCT legislation.

13. Related Party Transaction

The participation in the Placing of Stuart Green as a director of the Company and of his wife Sara Green in respect of the Conversion and the Extension, and in respect of the participation of Herald Investment Management and Foresight Group in the Placing, the Conversion and the Extension, as substantial shareholders, represents related party transactions under the AIM Rules (the "Related Party Transactions").

The Independent Directors, having consulted with the Company's nominated adviser, finnCap, believe that the terms of the Related Party Transactions are fair and reasonable insofar as the Shareholders are concerned.

14. Recommendation

The Independent Directors believe that the Placing, the Conversion and the Extension are in the best interests of the Company and its Shareholders and the Loan Noteholders as a whole. Accordingly, the Independent Directors recommend that you vote in favour of the Resolutions and the Loan Noteholders Resolutions as they intend to do in respect of their own beneficial holdings of Ordinary Shares and Loan Notes.

Yours faithfully,

Roger Jeynes
Chairman

ZOO DIGITAL GROUP PLC

(“Company”)

(Registered in England and Wales No. 03858881)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of finnCap 60 New Broad Street, London EC2M 1JJ on 6 September 2011 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolution

- (1) THAT the Directors be and are hereby given the authority to allot up to 8,678,750 new Ordinary Shares pursuant to the Placing and the Conversion (each as described in the circular to shareholders of the Company dated 10 August 2011) and in addition they be and are hereby authorised generally to allot shares or grant rights to subscribe shares up to an aggregate nominal amount of £553,281.30 (being 3,688,542 Ordinary Shares), such authority to expire on 31 October 2013.

Special Resolution

- (2) THAT subject to the passing of Resolution 1, the Directors be and are hereby authorised to dis-apply the statutory pre-emption rights in respect of up to 8,678,750 new Ordinary Shares allotted pursuant to the Placing and the Conversion and in addition they be and are hereby granted a general disapplication authority to allot shares up to an aggregate nominal amount of £553,281.30 (being 3,688,542 Ordinary Shares), such authority to expire on 31 October 2013.

Ordinary Resolution

- (3) THAT subject to the passing of Resolutions 1 and 2 above, the Directors be and are hereby authorised to allot new Ordinary Shares in the Company in respect of the balance of Loan Notes in issue following Admission at any time prior to the maturity of Loan Note Instrument on 31 October 2013, such authority to expire on 31 October 2013.

Special Resolution

- (4) THAT subject to the passing of Resolution 3, the Directors be and are hereby authorised to dis-apply the statutory pre-emption rights in respect of the allotment of the new Ordinary Shares pursuant to Resolution 3, such authority to expire on 31 October 2013.

By Order of the Board

Registered office: The Tower, 2 Furnival Street, Sheffield S1 4QL

Company secretary

Dated: 10 August 2011

Notes:

1. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. A member entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. The proxy need not be a member of the Company. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. 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.
2. The notes to the form of proxy explain how to direct your proxy how to vote on each 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. Completion of the form of proxy will not preclude a member from attending and voting in person.
3. A form of proxy is enclosed with this notice. To be valid, the form must be deposited at the offices of the Company's registrars Share Registrars Limited, Suite E, First Floor, Lamb Yard, Farnham, Surrey GU9 7LL not later than 10.00 a.m. on 2 September 2011 or not later than 48 hours (excluding in the calculation of such time period, any part of the day that is not a working day) before the time fixed for holding any adjourned meeting.
4. Subject to the following principles, where more than one proxy is appointed, where a form of proxy does not state the number of shares to which it applies (a "**blank proxy**"), then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the "**member's entire holding**"). In the event of a conflict between a blank proxy and a form of proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (*pro rata* if there is more than one).
5. Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last delivered. Proxies in the same envelope will be treated as sent and delivered at the same time to minimise the number of conflicting proxies.
6. If conflicting proxies are sent or delivered at the same time in respect of (or deemed in respect of) your entire holding, none of them shall be treated as valid.
7. Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or delivered (or they were all sent or delivered at the same time), the number of votes attributed to each proxy will be reduced *pro rata* (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares). Where this gives rise to fractions of shares, such fractions will be rounded down.
8. If you appoint a proxy or proxies and then decide to attend the meeting in person and vote, on a poll, using your poll card, then your vote in person will override the proxy vote(s). If your vote in person in respect of your entire holding then all proxy votes will be disregarded. If however, you vote at the meeting in respect of less than your entire holding, if you indicate on your polling card that proxies shall be disregarded then that shall be the case; but if you do not specifically revoke proxies, then your vote in person will be treated in the same way as if it were the last delivered proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes cast exceeding your entire holding.
9. In relation to paragraph 8 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
10. 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 their names appear in the register of members in respect of the joint holding (the first named being the most senior).
11. 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 note 3) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut off time will be disregarded. Where you would like to change the proxy instructions, please contact Share Registrars Limited at the address set out in note 3.
12. In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Suite E, First Floor, Lamb Yard, Farnham, Surrey GU9 7LL no later than 10.00 a.m. on 2 September 2011. If you attempt to revoke your proxy appointment but the revocation is received after the specified time, then your proxy appointment will remain valid.
13. In the case of a member which is a company, the form of proxy and the revocation notice must be executed under its common seal or signed on behalf of an officer of the company or an attorney for the company.

