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1st July 2009

Dear Sirs,

By way of e-mails dated 16th February 2009 and also via our website, we made a number of untrue comments regarding Merlin Software, a trading style of Trusted Environments Group PLC.

We suggested that there were many frustrations and problems found whilst operating the Merlin System, that there were many amateur shortcomings in the Merlin System and that Merlin was highly ineffective and made company operations difficult on a multitude of levels.

We are happy to confirm that this is not true and we apologise unreservedly for these comments. The person who sent the e-mails has been summarily dismissed and the offending comments withdrawn from our website.

We have agreed to pay Trusted Environment Group's legal costs and they have agreed to waive a claim for damages on the basis that we will make a donation to a children's charity of their choosing.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Scott Storey', written over a light yellow rectangular background.

SCOTT STOREY
Managing Director