

ASX Announcement

10 December 2012

KIT digital, Inc.

Invigor Group Limited (ASX: IVO) ("Invigor" or "the Company") refers to the announcement made on 22 November 2012 advising of an announcement by KIT digital, Inc. ("KIT"), a company listed on the NASDAQ exchange in the USA whereby KIT advised, inter alia, it would be restating previously released financial reports and the release of its report for the quarter ended 30 September 2012 would be delayed.

Invigor is a shareholder in KIT following the sale of its digital technology business to KIT for a combination of cash and shares. That transaction completed on 22 June 2012 ("completion date"). The shares issued to the Company by KIT pursuant to the transaction are subject to an escrow period under USA securities laws. That escrow period ends on the later of 22 December 2012 or the date permitted by Rule 144 of the US Securities law ("trigger date"). Rule 144 requires there to be current financials in the market or that 12 months elapse before the shares can be released from escrow. This would mean that the trigger date could extend to 22 June 2013.

The share sale agreement also contains a mechanism for additional shares to be issued to Invigor by KIT if the share price of KIT falls below a specified threshold level at the trigger date. This mechanism provides protection to the value of the transaction consideration from completion date through to the trigger date. The assessed value of the KIT shares at the completion date was \$A14.3 million.

The Company has been in discussion with KIT about its position following its announcement in November. KIT has now written to Invigor advising its view that KIT has no obligation to issue the top-up shares until the trigger date – potentially until 22 June 2013 – unless its filed financial reports are brought up to date earlier. The Company has written to KIT rejecting that view. The Company's position is that KIT's actions mean that it is in breach of the terms of the share sale agreement if it does not complete on the transaction or does not intend to do so.

The Company has demanded that KIT comply with its contractual obligations under the share sale agreement and has reserved its rights.

Shareholders may also have noted a public proposal for takeover of KIT by its former Chairman. Should this or another change of control transaction occur and complete, the restrictions from Rule 144 would not apply and the Company would expect to receive the proceeds of the change of control transaction at that time.

As a consequence of KIT's circumstances there is now uncertainty around the timing and quantum of proceeds that could be received from disposing of the KIT shares. Further, the Company has progressed actions and planning in order to grow shareholder value through our own operations, and there is a need to retain sufficient funds for the Company to meet its ongoing working capital, financing and investment commitments. The Company is currently assessing its options to address these issues. Further details will be made available in due course.

For further information, please contact:

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About Invigor Group

Invigor Group Limited (ASX: IVO) is an investment company focusing on the Information and Communication Technologies sector. It invests its expertise and capital to transform innovative technology companies is now. The value protection mechanism outlined above with outstanding management teams into successful international businesses.