

DATED 2010

JENS MONTANANA AND OTHERS

AND

CORERO PLC

SUBSCRIPTION AGREEMENT



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THIS AGREEMENT is made on

2010

BETWEEN:

- (1) **THE PERSONS** whose names and addresses are set out in schedule 1 (the “**Investors**”); and
- (2) **CORERO PLC** incorporated in England and Wales with company number 02662978 whose registered office is at 3rd Floor, London Wall Buildings, London Wall, London EC2M 5SY but is in the process of being changed to 169 High Street, Rickmansworth, Hertfordshire WD3 1AY (“**Company**”).

WHEREAS:

- (A) The Company proposes to raise approximately £2 million by way of a Placing.
- (B) Conditional on the Disposal taking place and on the terms and conditions of this agreement, the Investors intend to subscribe for the Subscription Shares in the amounts set opposite their respective names in schedule 1.
- (C) Following Subscription and assuming that the Placing is fully subscribed, the Investors will in aggregate hold approximately 56 per cent. of the issued ordinary share capital of the Company.
- (D) The Company and the Investors have agreed to enter into this agreement in order to set out the terms on which the Investors are prepared to subscribe for the Subscription Shares and to regulate the relationship between them following Admission of the Subscription Shares.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this agreement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“**Accounts**” means the consolidated audited balance sheet, profit and loss account and cashflow statement of the Group together with the notes, directors’ report and auditors’ report thereon, as at and in respect of the financial period ended on the Accounts Date;

“**Accounts Date**” means 31 December 2009;

“**Admission**” means admission by the London Stock Exchange of Shares to trading on AIM;

“**AIM**” means the market of that name operated by the London Stock Exchange;

“**AIM Rules for Companies**” means the rules governing admission and trading of securities on and the regulation of companies quoted on AIM published by the London Stock Exchange as such rules are in force at the date of this agreement or, where the context requires, as they may be amended or modified after the date of this agreement;

“**Announcement**” means the announcement in the agreed form proposed to be delivered to a RIS by Merchant on behalf of the Company containing, inter alia, details of the Placing and Admission of the Placing Shares, Subscription Shares and the CULS Compromise Shares;

“**Application**” means an application made by (or on behalf of) the Company to London Stock Exchange for Admission in the form required by the AIM Rules for Companies;

“**Articles**” means the articles of association of the Company from time to time;

“**Board**” means the board of directors of the Company from time to time or a duly constituted committee thereof and “**Director**” means any member of the board of directors of the Company;

“**Business Day**” means a day on which the clearing banks in the City of London are open for business, not being a Saturday or Sunday;

“**Business Transfer Agreement**” means the conditional agreement dated on or around the date of this agreement between Corero Systems Limited, Brokerhorse Limited, Rivington Street Ventures Limited and Rivington Street Holdings PLC setting out the terms and conditions of the Disposal;

“**Code**” means the City Code on Takeovers and Mergers;

“**Conditions**” means the conditions set out in clause 3.1;

“**Circular**” means the circular from the Company to its shareholders and CULS holders containing, inter alia, the notice of EGM and notice of CULS Meeting;

“**CULS**” means the £4,000,000 nominal of 8 per cent. unsecured convertible redeemable loan stock 2015 of the Company;

“**CULS Compromise**” means the proposed compromise of the rights of holders of CULS and the release of the obligations and liabilities of the Company in respect of an aggregate principal amount of £2 million nominal amount of CULS as described in the Circular;

“**CULS Compromise Shares**” means the 4,444,444 Shares to be issued by the Company pursuant to the CULS Compromise;

“**CULS Meeting**” means the meeting of holders of CULS at which the CULS Resolution will be proposed;

“**CULS Offer**” means the offer to holders of the CULS whereby the Company offers to redeem £2 million nominal of CULS and to repay £127,781 of deferred interest in consideration for the issue to holders of Rivington CULS;

“**CULS Reorganisation**” means the proposed CULS Offer and the CULS Compromise;

“**CULS Resolution**” means the resolution set out in the notice of CULS Meeting in the Circular;

“**Disposal**” means the proposed disposal by the Company of the business of the design, development, support and delivery of software systems for financial research and other applications in the global banking and securities sector pursuant to the terms of the Business Transfer Agreement;

“**EGM**” means the general meeting of the Company at which the EGM Resolutions are to be proposed;

“**EGM Recommendation**” has the meaning given to it in clause 4.1.1;

“**EGM Resolutions**” means resolutions 1 to 7 (inclusive) set out in the notice of EGM in the Circular;

“**Encumbrance**” means any mortgage, charge, pledge, lien, option, restriction, equity, right to acquire, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind or any other type of preferential arrangement (including, without limitation, a title transfer and retention arrangement) having similar effect;

“**FinnCap**” means finnCap Limited;

“**FSA**” means the Financial Services Authority in the UK;

“**FSA Rules**” means the applicable Conduct of Business rules of the FSA in its Conduct of Business Sourcebook and the guidance on such rules issued by the FSA from time to time in force;

“**FSMA**” means the UK Financial Services and Markets Act 2000, as amended;

“**Group**” means the Company and its subsidiaries, subsidiary undertakings and any holding company of the Company and any subsidiary or subsidiary undertaking of any such holding company and “**Group Company**” means any of them;

“**Indemnified Person**” means each of the Investors and where an Investor is a corporate, corporation or other body corporate, each of its parent undertakings and any subsidiary undertakings of the Investor or subsidiary undertakings of any such parent undertakings and each of their respective directors, officers, employees and agents;

“**Intellectual Property**” means any intellectual or industrial property rights including trade marks, business and trading names, domain names, patents, petty patents, utility models, registered and unregistered designs, design patents, copyrights, database rights, rights in know-how, software and other rights of the same or similar effect, whether registered or not and including pending applications for any of the foregoing, anywhere in the world;

“**Investor Director**” has the meaning given to it in clause 9.1;

“**JPM**” means JPM International Limited, a B.V.I. registered company (IBC No.71459) whose registered office is Overseas Management Company (B.V.I.), R.G. Hodge Plaza, 2nd Floor, Upper Main Street, P.O. Box 3152, Road Town, Tortola, British Virgin Islands.

“**Lead Investors**” means the consent in writing (i) prior to Admission of the Subscription Shares of such number of Investors as have agreed to subscribe for in aggregate at least two thirds of the Subscription Shares pursuant to this agreement and (ii) from Admission of the Subscription Shares such number of Investors as hold either directly or indirectly at least two thirds of the aggregate number of Shares held by all the Investors from time to time;

“**London Stock Exchange**” means the London Stock Exchange plc;

“**Losses**” means all and any losses, liabilities, costs, charges, damages and expenses (including reasonable legal fees and expenses incurred by an Indemnified Person) in any jurisdiction which

an Indemnified Person may suffer or incur in connection with any action, award, claim, demand, investigation, judgement, proceeding or regulatory enquiry brought or made (or threatened to be brought or made) in any jurisdiction against an Indemnified Person whether or not successful, compromised or settled including, without limitation, all such losses, liabilities, costs, charges, damages and expenses as an Indemnified Person may suffer or incur in investigating, responding to disputing, defending or settling any such action, claim, award or demand (or potential action, claim, award or demand) or in establishing or enforcing its rights against the Company or any other person under this agreement;

“Management Accounts” means the unaudited management accounts of the Group comprising a profit and loss account and balance sheet for the period which commenced on the Accounts Date and ended on 31 May 2010;

“Merchant” means Merchant Securities Limited;

“Panel” means the Panel on Takeovers and Mergers;

“Placees” means those persons who are to acquire, subject to the terms of the Placing Agreement, Placing Shares pursuant to the Placing;

“Placing” means the placing of the Placing Shares by FinnCap pursuant to the Placing Agreement;

“Placing Agreement” means the agreement date on or about the date of this agreement between FinnCap and the Company setting out the terms and conditions of the Placing;

“Placing Price” means 25 pence per Share;

“Placing Shares” means up to 8,000,000 Shares to be issued by the Company pursuant to the Placing;

“Properties” means the properties short details of which are set out in schedule 4 including each and every part of them and **“Properties”** shall be construed accordingly;

“Proposals” means the Disposal, the CULS Reorganisation, the Placing, the Subscription and the Rule 9 Waiver each of which is described in the Circular;

“RIS” means a Regulatory Information Service within the meaning of the AIM Rules for Companies;

“Rivington CULS” means the £2,000,000 nominal of 8 per cent. unsecured convertible redeemable loan stock 2015 of Rivington Street Ventures Limited and the £127,781 nominal of zero coupon unsecured redeemable loan stock of Rivington Street Ventures Limited each as more particularly described in the Circular;

“Rule 9 Waiver” means the proposed agreement by the Panel to waive the obligation on the Investors to make a general offer to all Shareholders pursuant to Rule 9 of the Code subject to approval by way of a poll vote of the Shareholders at the EGM;

“Sale” means any disposal of any interest whatsoever in all or any of the Shares including any gift or sale, or the grant of any option over, any right or warrant to purchase, or any transfer or a

swap or the writing or creating of a contract for difference or other instrument, agreement or transaction which transfers economic ownership or an effective economic interest, in whole or in part, or any lending, the creation of any mortgage, charge, pledge or other security interest, the exercise of any option to sell and any other transaction by which any Investor disposes of any interest in all or any of the Shares, whether absolutely or by way of security, or any agreement, whether conditionally or unconditionally, or any public announcement of an intention, to enter into any of the aforementioned transactions and dispose or disposed of shall be construed accordingly;

“Shareholder” means a beneficial owner for the time being of issued Shares;

“Shares” means ordinary shares of one pence each in the capital of the Company;

“Subscription” means the subscription for Shares by the Investors in accordance with this Agreement;

“Subscription Price” means 25 pence per Subscription Share (being equal to the Placing Price);

“Subscription Shares” means 18,000,000 new Shares;

“Substantial Interest” means an interest, either direct or indirect, in 20 per cent. or more of the issued ordinary share capital of the Company;

“Taxation” or **“Tax”** means any form of taxation, duty, impost, levy or tariff of any nature whatsoever whether of the United Kingdom or elsewhere (other than stamp duty) whether or not any such taxation, duty, impost, levy or tariff arises in respect of actual, deemed, gross or net income, profits, gains, value, receipt, payment, sale, use, occupation, franchise, value added, property or right and includes, without limitation, any withholding, contribution, PAYE (and its equivalent in any jurisdiction) or other amount of or in respect of any of the foregoing payable by virtue of any tax statute and any penalty, charge, surcharge, fine or interest payable in connection with any such taxation, duty, impost, levy or tariff;

“Taxation Authority” means any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect Tax in the United Kingdom or elsewhere;

“Warranties” means the representations and warranties set out in Schedule 1; and

1.2 Where used in this agreement:

1.2.1 **“subsidiary”, “subsidiary undertaking”, “parent undertaking” and “holding company”** shall have the meanings attributed to them by the Companies Act 2006 as amended;

1.2.2 a clause, unless the context otherwise requires, is a reference to a clause of this agreement.

1.3 A reference to any statute or statutory provision in this agreement:

1.3.1 includes any order, instrument, regulation, permission and direction made or issued under such statute or statutory provision or deriving validity from it;

- 1.3.2 shall be construed as a reference to such statute or statutory provision as in force at the date of this agreement (including, for the avoidance of doubt, any amendments made to such statute or statutory provision that are in force at the date of this agreement); and
- 1.3.3 shall also be construed as a reference to any statute or statutory provision of which such statute or statutory provision is a re-enactment or consolidation.
- 1.4 The headings in this agreement do not affect its interpretation.
- 1.5 References in this agreement to a person include an individual, body corporate, corporation, firm, association, partnership, joint venture, organisation, institute, trust or agency, whether or not having a separate legal personality.
- 1.6 Unless otherwise expressly provided, all covenants, warranties and undertakings given or made by the Investors in this agreement shall be given or made severally.
- 2. **SUBSCRIPTION**
- 2.1 In reliance on the Warranties given in clause 7 and other undertakings set out in this agreement and subject to the Conditions and to the Company's memorandum of association and Articles and otherwise on the terms of this Agreement, the Investors hereby severally agree to subscribe for the Subscription Shares at a price per Share equal to the Subscription Price and in the amounts set opposite their respective names in schedule 1.
- 3. **CONDITIONS**
- 3.1 The obligations of the Investors under this agreement are conditional upon:
 - 3.1.1 the delivery by the Company to the Investors or to FinnCap on behalf of the Investors of each of the documents referred to in schedule 3 by the times and in the respective forms referred to in that schedule;
 - 3.1.2 the Business Transfer Agreement having become unconditional in all respects and not having been lapsed or been terminated;
 - 3.1.3 the CULS Offer having been accepted by at least 90 per cent of the holders of CULS;
 - 3.1.4 the Company having fully complied with its obligations under this agreement to the extent that such obligations are required to be performed before Admission;
 - 3.1.5 the Company having passed, at a duly convened and held general meeting, the EGM Resolutions without amendment;
 - 3.1.6 the holders of CULS having passed at a duly convened and held meeting of holders of CULS the CULS Resolution without amendment;
 - 3.1.7 receipt by the Investors of a copy of a compromise agreement duly executed by Peter Waller and by an independent solicitor taking effect from the date of Admission of the Subscription Shares;

- 3.1.8 this agreement not having been terminated by the Investors in accordance with its terms;
 - 3.1.9 Admission of the Subscription Shares and the CULS Compromise Shares becoming effective by not later than 8.00 a.m. on 31 August 2010; and
 - 3.1.10 the formal approval of the Panel of the Circular in accordance with the Code and the Company publishing the Circular within one Business Day immediately following the date of this Agreement by posting it with an EGM proxy card and a CULS Meeting proxy card to all relevant Shareholders and holders of CULS convening the EGM and the CULS Meeting respectively for the same date being a date not later than 23 days immediately following the date of the Circular; and
 - 3.1.11 the aggregate costs, expenses and/or fees payable by the Company to professional advisers or third parties (excluding FinnCap but including John East and their legal advisers and Osborne Clarke) in connection with the Proposals not exceeding £220,000 excluding VAT and disbursements;
- 3.2 The Company shall use its reasonable endeavours to procure the fulfilment of the Conditions by the times and dates stated in clause 3.1. If any of the Conditions have not been fulfilled on or before the time and date set for their fulfilment or become incapable of being fulfilled (subject to the Investors not exercising their right under clause 3.3 to waive or extend the time for fulfilment of the Conditions), this agreement shall, subject to clause 8, immediately cease and determine. Until such time as any Condition becomes incapable of being fulfilled (and, if any such Condition is capable of waiver, is not waived) each of the parties hereto shall comply with its obligations under this agreement (including but not limited to, such obligations the performance of which would affect or assist the fulfilment of any of the Conditions).
- 3.3 The Lead Investors (on behalf of themselves and the Investors) may, in their absolute discretion, waive or extend the time for fulfilment of all or any or any part of any of the Conditions by written notice to the Company.

4. **COMPANY'S OBLIGATIONS**

- 4.1 The Company agrees with and undertakes to the Investors that:
- 4.1.1 it will procure that the Circular includes a recommendation from the Board that the shareholders vote in favour of the EGM Resolutions (the “**EGM Recommendation**”);
 - 4.1.2 it will procure that each Director who is able to vote votes all shares owned or controlled by him (or will procure that such shares are voted) at the EGM in favour of the EGM Resolutions;
 - 4.1.3 it will use reasonable endeavours (following the posting of the Circular) to obtain completed proxy forms from each holder of three per cent. or more of the issued ordinary share capital in the Company in respect of the EGM or otherwise to procure the lodging of such forms with the Company's registrars at the place and by the lodging deadline that are to be specified in the EGM notice in the useable Circular; and

- 4.1.4 it will use all reasonable endeavours (following the posting of the Circular) to obtain completed proxy forms from each holder of three per cent. or more of the CULS in respect of the CULS Meeting;
 - 4.1.5 it will procure that undertakings to vote in favour of the CULS Reorganisation and to accept the CULS Offer are received from at least 90 per cent. of the holders of CULS prior to the Circular being posted;
 - 4.1.6 it will procure that the Board does not:
 - (a) take any step intended to prevent (i) Shareholders as a whole from voting on the EGM Resolutions at the EGM or (ii) CULS holders as a whole from voting on the CULS Resolution at the CULS Meeting, in each case on the date for which the EGM and CULS Meeting are convened to be held; or
 - (b) adjourn any of the EGM or the CULS Meeting once convened.
- 4.2 The Company agrees and undertakes to the Investors that during the period commencing on the date of this agreement and ending on Admission of the Subscription Shares:
- 4.2.1 it shall not allot or issue any shares or securities convertible into shares, or grant any option, right or interest in any such shares or securities, in the capital of the Company or agree, conditionally or otherwise, to make any such allotment, issue or grant, other than the allotment and issue of:
 - (a) the Placing Shares in accordance with the Placing Agreement;
 - (b) the Subscription Shares in accordance with this agreement; or
 - (c) the CULS Compromise Shares in accordance with the Circular.
 - 4.2.2 the Company will comply in all significant respects with its obligations to notify information to a RIS in accordance with the AIM Rules for Companies and otherwise to comply with all relevant provisions of FSMA and the AIM Rules for Companies.
- 4.3 The Company agrees and undertakes to the Investors that it will authorise and instruct Merchant on the Company's behalf to make the application for Admission of the Subscription Shares and to withdraw such application in the event that this agreement is terminated before Admission and will provide to Merchant on a timely basis all such information as Merchant requires to make the application.
- 4.4 The Company undertakes and agrees:
- 4.4.1 not to amend, vary, release, compromise or waive any provision, or agree to vary, release, compromise or waive or allow a variation, release, compromise or waiver of any provision, of the Placing Agreement or the Business Transfer Agreement without the Lead Investors prior written consent.

- 4.4.2 to use its reasonable endeavours to satisfy or procure the satisfaction of the conditions to both the Placing Agreement and the Business Transfer Agreement by the times and dates stated therein; and
 - 4.4.3 if so requested by the Lead Investors to enforce (or use all reasonable endeavours to procure the enforcement of) all undertakings, warranties, indemnities and other rights contained in or relating to the Placing Agreement (or any document entered into pursuant to or in connection with such agreement) and the Business Transfer Agreement (or any document entered into pursuant to or in connection with such agreement) benefiting or held by it and not, without the prior written consent of the Lead Investors (such consent not to be unreasonably withheld or delayed) to release any other party to such agreements from any of the undertakings, warranties, indemnities or other liabilities given or incurred by them thereunder; and
 - 4.4.4 not in circumstances where the Company is entitled to rescind either the Placing Agreement or the Business Transfer Agreement, to proceed to completion, nor to exercise any right of termination or rescission under either the Placing Agreement or the Business Transfer Agreement in each case without the Lead Investors prior written consent (such consent not to be unreasonably withheld or delayed).
- 4.5 The Company shall publish and make available for inspection all documents in connection with the Proposals as required by the AIM Rules for Companies and the Code. The Company shall provide such other documents as the Investors may reasonably require in connection with the Proposals.
- 4.6 The Company and the Investors shall notify each other and FinnCap promptly of any mistake or inaccuracy in the Circular or the Announcement or any new factor which might reasonably be expected to require the Company to publish a supplementary circular or announcement in accordance with the AIM Rules for Companies, the Code or other applicable law or regulation. In such case the Company shall publish such supplementary circular or make such announcement as the Lead Investors (on behalf of themselves and the Investors) reasonably consider necessary.
- 4.7 Each Investor warrants to the Company and to each other Investor at the date of this agreement and immediately before Admission of the Subscription Shares that they have not acquired any interest in Shares in the twelve months prior to the date of this agreement but subsequent to negotiations, discussions or the reaching of understandings or agreements between the directors of the Company and the Investors in relation to the Subscription.

5. **ALLOTMENT OF SUBSCRIPTION SHARES**

- 5.1 Each Investor shall ensure that, subject to Admission of the Subscription Shares, monies in cleared funds in the amounts set opposite that Investor's name in schedule 1 for the number of Subscription Shares at the Subscription Price that Investor shall subscribe for (as set out in schedule 1) are paid into a designated accounts at FinnCap and J M Finn & Co (as applicable) by 5.00 p.m. on the Business Day preceding Admission of the Subscription Shares. These monies shall be released by FinnCap and J M Finn & Co (as applicable) into the Company's bank account (of which the relevant details shall be notified in writing by the Company to the Investors by noon on the date two Business Days prior to the date of Admission) by 5.00 p.m. on the day of

Admission of the Subscription Shares. Receipt of such monies in the Company's bank account shall satisfy that Investor's obligations under this Agreement to pay the subscription monies due for the Subscription Shares.

- 5.2 On the terms and subject to the conditions set out in this agreement the Company shall, not later than 5.00 p.m. on the Business Day preceding Admission of the Subscription Shares, hold a meeting of the Board at which the Company shall (conditional only upon Admission of the Subscription Shares):

5.2.1 allot and issue the Subscription Shares to the Investors in the amounts set out in schedule 1 or such other company or person as that Investor may elect; and

5.2.2 approve the registration (without registration fee) of the Investors as members of the Company, and the issue of definitive share certificates within two Business Days of Admission of the Subscription Shares.

6. **COSTS**

All costs and expenses of or incidental to the Admission of the Subscription Shares, the allotment and issue of the Subscription Shares and the preparation and posting of the Circular shall be borne by the Company, including Stock Exchange fees, registrars' fees, printing, advertising and distribution costs, the Company's out of pocket expenses and the Company's legal, accounting and professional fees. For the avoidance of doubt the Investors shall pay their own advisers' costs relating to the negotiation, preparation and execution of this agreement.

7. **WARRANTIES**

- 7.1 The Company warrants and undertakes to the Investors in the terms of the Warranties and acknowledges that the Investors are entering into this agreement in reliance on the Warranties.
- 7.2 Each Warranty is separate and independent of each other Warranty and shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other provision of this Agreement.
- 7.3 Each Warranty is given with effect on the date of this Agreement and shall be deemed repeated immediately before Admission of the Subscription Shares, in each case by reference to the facts and circumstances then existing.
- 7.4 The Company will not do, allow or procure any act or omission before Admission which would or might constitute or lead to a breach of any of the Warranties or cause any of the Warranties to become untrue, inaccurate or misleading in any respect if the Warranties were repeated at any time before Admission of the Subscription Shares by reference to the facts then existing.
- 7.5 The Company undertakes to the Investors to notify the Investors in writing promptly in the event that the Company becomes aware of any matter which constitutes, or might reasonably be expected to constitute or lead to, a breach of any Warranty or any other provision of this agreement, or which would or may reasonably be expected to result in any of the Warranties being breached at any time before Admission if the Warranties were repeated at any time before Admission by reference to the facts then existing.
- 7.6 If, at any time before Admission of the Subscription Shares, any of the Investors receives a notice

pursuant to clause 7.5 or otherwise becomes aware that any of the Warranties is, has become, or is likely to become untrue, inaccurate or misleading in any material respect or of any matter which constitutes, or might reasonably be expected to constitute or lead to, a material breach of any other provision of this agreement, or which would or may reasonably be expected to result in any of the Warranties becoming untrue, inaccurate or misleading in a material respect at any time before Admission of the Subscription Shares if the Warranties were repeated at any time before Admission of the Subscription Shares by reference to the facts then existing, the Investors may (without prejudice to their right to terminate this agreement pursuant to clause 8) require the Company, at its own expense, to make, or cause to be made, such announcement as the Lead Investors (on behalf of themselves and the Investors) shall, acting reasonably and in good faith and, so far as is practicable, after consultation with the Company, consider necessary.

7.7 The Warranties shall remain in full force and effect notwithstanding completion of the Subscription and completion of all other matters and arrangements referred to in or contemplated by this agreement.

7.8 The Company shall not be liable in respect of any claim for breach of Warranty unless written notice of the claim is served on the Company in accordance with clause 16 of this agreement not later than the publication date of the Company's audited accounts for the year ending 31 December 2010.

8. **TERMINATION**

8.1 If at any time prior to Admission of the Subscription Shares becomes effective:

8.1.1 there shall develop, occur or come into effect any substantial change in national or international political, military, diplomatic, terrorist, monetary, industrial, economic, financial or stock market conditions or there shall occur or come about any disruption to the settlement of security transactions or the operation of payment or clearance services which would in the reasonable opinion of the Lead Investors (on behalf of themselves and the Investors) be likely to prejudice the success of the Subscription or which would make it impracticable or inadvisable to proceed with the Subscription or with Admission of the Subscription Shares; or

8.1.2 there shall have been a material adverse change, or a development involving a prospective material adverse change, in or affecting the business, management, financial or trading position or prospects, shareholders' funds or results of the Company or any other member of the Group, whether or not arising in the ordinary course of business, which, in any such case, in the reasonable opinion of the Lead Investors (on behalf of themselves and the Investors) would be likely to prejudice the success of the Subscription or which would make it impracticable or inadvisable to proceed with the Subscription or with Admission of the Subscription Shares; or

then the Lead Investors shall consult with the Company but may, following such consultation, in their absolute discretion, on behalf of themselves and the Investors, by notice in writing to the Company, terminate this agreement.

8.2 If at any time prior to Admission of the Subscription Shares becoming effective the Lead Investors (on behalf of themselves and the Investors) are of the opinion that:

8.2.1 any of the Warranties was when given untrue, inaccurate or misleading in any material respect or that any Warranty, if repeated at any time up to Admission (by reference to the facts and circumstances then existing) would be untrue, inaccurate or misleading in any material respect; or

8.2.2 the Company has failed to comply with in any material respect or is in material breach of any of its obligations under this agreement or the AIM Rules for Companies,

then the Lead Investors (on behalf of themselves and the Investors) may, in their absolute discretion, give notice to the Company at any time thereafter, but not later than immediately before Admission becomes effective, to the effect that this agreement (subject as herein provided) shall cease and determine.

8.3 On termination of this Agreement in accordance with clause 3.2 or this clause 8 (which shall be without prejudice to any accrued rights and obligations of any party in respect of any previous breach of this Agreement):

8.3.1 the provisions of clauses 1, 6, 8, 12, 14 to 17 shall continue in full force and effect; and

8.3.2 the Company shall return any monies received from the Investors pursuant to the Subscription (if any).

9. **DIRECTORS**

9.1 For as long as the Investors in aggregate hold a Substantial Interest, the Lead Investors (on behalf of themselves and the Investors) shall be entitled from time to time by written notice delivered to the Chairman of the Board ("**Nomination Notice**") to appoint (and remove any such appointee and appoint another person in that person's place) one director to the Board (who for the avoidance of doubt do not need to be independent) (the "**Investor Director**"). No appointment of an Investor Director will be made on or during the period of three months after Admission of the Subscription Shares. For the avoidance of doubt neither Jens Montanana nor Andrew Miller will be an Investor Director.

9.2 The Company covenants and undertakes that it shall as soon as reasonably possible and in any event within two Business Days following the service of a Nomination Notice convene and hold a meeting of the Board at which (a) a resolution to confirm the appointment or removal of any person nominated by the Investors in accordance with clause 9.1 shall be proposed and (b) the Company shall procure that each of the Directors shall vote in favour of such resolution.

9.3 The Investor Director shall submit himself for re-election by the Shareholders at the first annual general meeting of the Company following his appointment and otherwise in accordance with the Articles. The Company shall in each case procure that, unless a majority of the Board can demonstrate that there is good reason not to re-elect such Investor Director, the directors recommend that the resolution be passed to re-elect such directors at the relevant annual general meeting. In the event that the Investor Director is not re-elected by the Shareholders, the Lead Investors (on behalf of themselves and the Investors) may in their sole discretion either (i) nominate that person for reappointment to the Board (and the provisions of clause 9.2 shall apply) unless the Investor Director concerned is removed or not re-elected for cause or a majority of the

Board can demonstrate that there is good reason not to re-appoint such Investor Director or (ii) may nominate another person in his place in accordance with clause 9.1.

- 9.4 The Lead Investors (on behalf of themselves and the Investors) may require, by notice in writing delivered to the chairman of the Nomination Committee of the Company, that the Investor Director be a member of any or each of the Audit, Nomination and Remuneration Committees of the Company.
- 9.5 Any removal of the Investor Director by the Lead Investors (on behalf of themselves and the Investors) under this Clause 9.1 shall be by notice in writing delivered to the Company Secretary of the Company and signed by or on behalf of the Lead Investors and the notice served by the Lead Investors shall constitute an offer by the relevant appointee to the Board to resign forthwith or, if a date for such person's removal is specified in such notice, on that date.
- 9.6 For the avoidance of doubt in the event of the death or resignation of the Investor Director appointed pursuant to this Clause 9, the Lead Investors (on behalf of themselves and the Investors) shall be entitled to appoint or nominate (as the case may be) a person to replace such Investor Director.

10. RELATIONSHIP PROVISIONS

Each Investor hereby severally confirms to each of the other Investors that he or it has not relied on the opinion or advice of any of the other Investors and that he or it has had sufficient opportunity to ask all such questions as that Investor may have (and to take such professional and legal advice as that Investor requires) to enable him or it to make an informed decision as to whether or not to participate in the Subscription and each Investor confirms that he has decided to proceed with the Subscription in reliance on the Warranties, undertakings and on the terms of and subject to conditions of this agreement, the Company's memorandum and Articles.

11. ORDERLY MARKETING

- 11.1 If an Investor wishes to make a Sale of Shares prior to the expiry of the second anniversary of Admission of the Subscription Shares, the Investor shall effect such Sale only through FinnCap (or such other broker or brokers as may be nominated by the Company) and for such purpose shall instruct FinnCap (or such other broker or brokers as may be nominated by the Company from time to time) to arrange for the sale or transfer of such Shares on a best execution basis (as required by the FSA Rules) and if FinnCap (or such other broker or brokers as may be nominated by the Company) fails to arrange for the sale or transfer of such Shares on that basis within 20 days of being instructed to do so the restrictions in this clause 11 shall cease to apply to those Shares and the Investor shall be at liberty to dispose of those Shares at such price (being not less than the price obtainable by FinnCap (or such other broker or brokers as may be nominated by the Company) on a best execution basis) and on such terms as it may determine having regard to the desirability of maintaining an orderly market in the Company's securities.
- 11.2 Each of the Investors agrees that in the event of the Company having a bonus or capitalisation issue or consolidating or sub-dividing its Shares, then the undertakings in this agreement shall extend to any resulting or additional or consolidated or sub-divided shares in the Company so obtained. Each Investor also agrees that the provisions of clause 11.1 shall apply to any and all Shares that that Investor may hold, directly or indirectly, after Admission of the Subscription Shares up until the expiry of the second anniversary of the Admission of the Subscription Shares.

- 11.3 Each Investor hereby irrevocably and unconditionally authorises and instructs FinnCap (or such other broker or brokers as may be nominated by the Company from time to time) to notify the Company of all instructions made by an Investor pursuant to clause 11.1 and to keep the Company informed as to details, including dealing dates, prices and quantities of all such transactions.
- 11.4 Without limiting any other provisions of this agreement, the provisions of this clause 11 apply mutatis mutandis to any personal representatives or other successors in title and permitted assigns of the Investors.

12. ANNOUNCEMENTS

- 12.1 No public announcement, public statement, public communication or press release shall be made by the Company which makes any reference to any of the Investors, without the prior written consent of that Investor unless such announcement or communication is required by law, regulation or the AIM Rules for Companies in which case the Company shall:

12.1.1 prior to making or despatching such announcement or communication, consult with that Investor as to the content thereof and as to the timing and manner of the making or despatch thereof; and

12.1.2 take into account all reasonable requirements on that Investor's part in relation thereto.

- 12.2 Each of the Investors and the Company understands and acknowledges that particulars of this agreement may be available for inspection by members of the public and published by the Company (including, without limitation, in the Circular) and each party hereby consents to any such inspection and publication.

13. FURTHER ASSURANCE

Each party will give all such assistance and will execute all documents and do all such acts and things as are reasonably required in order to give effect to the terms of this agreement.

14. GENERAL

- 14.1 This agreement constitutes the entire agreement between the parties, and supersedes all prior agreements, understandings or arrangements (both oral and written) between them relating to the subject matter of this agreement.
- 14.2 A variation of this agreement is valid only if it is in writing and signed by or on behalf of each party and expressed to be a variation.
- 14.3 No failure or delay by any party to this agreement in exercising any remedy, right, power or privilege under or in relation to this agreement shall operate as a waiver of the same, nor shall any single or partial exercise of any remedy, right, power or privilege preclude any further exercise of the same or exercise of any other remedy, right, power or privilege.
- 14.4 No waiver by any party of any requirement of this agreement, or of any remedy or right under this agreement, shall have effect unless given in writing and signed by such party. No waiver of any particular breach of the provisions of this agreement shall operate as a waiver of any

repetition of such breach.

- 14.5 Time shall be of the essence in this agreement, both as regards the dates, times and periods specifically mentioned and as to any dates, times and periods which may, by agreement in writing between the parties, be substituted for any of them.
- 14.6 No provision of this agreement creates a partnership between the parties or makes a party the agent of any other party for any purpose.
- 14.7 No provisions of this agreement which confer benefits upon any third party shall be enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
- 14.8 This agreement may be executed in any number of counterparts and by several parties on separate counterparts each of which, when so executed, shall be an original, but all counterparts shall together constitute one and the same instrument.

15. **ASSIGNMENT**

No party shall be entitled to assign, transfer or create any trust in respect of the benefit or burden of any provision of this agreement without the prior written consent of the other parties.

16. **NOTICES AND SERVICE OF PROCEEDINGS**

- 16.1 Service of a notice, consent, request, demand, approval or other communication to be given or made under or in connection with this agreement (each a “**Notice**”) must be effected by one of the following methods:
 - 16.1.1 by hand to the relevant address set out in clause 16.2 and shall be deemed served upon delivery; or
 - 16.1.2 by prepaid first-class (or equivalent) post to the relevant address set out in clause 16.2 if within the same country as the sender and shall be deemed served two days after the date of posting; or
 - 16.1.3 by prepaid international airmail to the relevant address set out in clause 16.2 if not in the same country as the sender and shall be deemed served four days after the date of posting; or
 - 16.1.4 by facsimile transmission to the relevant facsimile number set out in clause 16.2 and shall be deemed served on despatch at the time of despatch, provided that a receipt indicating complete transmission of the Notice is obtained by the sender.

16.2 Notices should be marked as follows:

16.2.1 If to the Investors:	Address:	17 Toman Close Toman Lane Hyde Park, 2152 Johannesburg South Africa
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For the attention of: Jens Montanana

16.2.2 If to the Company:

Address: 169 High Street
Rickmansworth
Hertfordshire
WD3 1AU

Fax No: +01923 897 323

For the attention of: The Company Secretary

16.3 A party may change its address for service provided that it gives the other parties not less than 28 days' prior notice in accordance with this clause 16. Until the end of such notice period, service on the address set out in clause 16.2 shall remain effective.

17. **GOVERNING LAW**

17.1 This agreement, any document entered into pursuant to or in connection with it and any dispute or claim arising out of or in connection with this agreement or any such document or the agreement's subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.

17.2 The parties irrevocably submit to the non-exclusive jurisdiction of the courts of England and Wales in respect of any claim, dispute or difference arising out of or in connection with this agreement or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) provided that nothing contained in this clause shall be taken to have limited the right of the Company to proceed in the courts of any other competent jurisdiction.

IN WITNESS of which this agreement has been duly executed as a deed by the parties hereto or their duly authorised attorneys or representatives on the day and year first above written.

SCHEDULE 1

The Investors

Name and Address	Number of Shares subscribed for	Consideration
JPM International Limited Overseas Management Company (BVI) R. G. Hodge Plaza, 2 nd Floor Upper Main Street P O Box 3152 Road Town Tortola British Virgin Islands	8,400,000	£2,100,000
Jens Peter Montanana 17 Toman Close Toman Lane Hyde Park 2152 Johannesburg South Africa	2,000,000	£500,000
BFG Investments Group Limited Pasea Estate Road Town Tortola British Virgin Islands	5,500,000	£1,375,000
Andrew Douglas Miller 37 St James Avenue Hampton Hill TW12 1HH UK	600,000	£150,000
Stephen Derek Allan Turner 15220 Upper Ellen Road Los Gatos CA 95033 USA	300,000	£75,000
UBK Spa Piazza Cavour 3 20120 Milan Italy	1,200,000	£300,000

SCHEDULE 2

WARRANTIES

1. Announcement and Circular

- 1.1 All information contained in the Announcement and the Circular (in each case excluding the information relating to the Investors) is true and accurate and is not misleading and all statements, forecasts and estimates or expressions of opinion, intention and expectation contained in the Announcement and the Circular (in each case excluding the information relating to the Investors) have been made on reasonable grounds after due and proper consideration and are truly and honestly held and fairly based and were not given recklessly, casually or without due regard for their accuracy.
- 1.2 With effect from the date the Circular is issued, on the date the Circular was issued, the Circular contained all information as was required by any applicable law or regulatory requirement (including the Code).

2. Due Diligence

No material information was withheld from the Investors for the purposes of its due diligence and all information given to it for such purposes was given in good faith and was, when supplied, true and accurate and not misleading.

3. Bank facilities and borrowings

- 3.1 With the exception of the CULS, neither the Company nor any Group Company (i) has any term loans, overdrafts and other bank facilities or other form of indebtedness and there are no restrictions on the ability of the Company or any of its Group Companies for the time being to borrow monies or (ii) has entered into or given any guarantee, indemnity, suretyship or comfort to any third party and there are no facts, matters or circumstances existing which are likely to lead to any such guarantee, indemnity, suretyship or comfort being given to a third party.
- 3.2 Neither the Company nor any member of the Group has received notice to repay any borrowing or indebtedness in the nature of borrowing on the part of the member of the Group, and no circumstances have arisen or, so far as the Directors are aware, are about to arise (save for the passage of time) such that any person is, or would with the giving of notice and/or lapse of time become, entitled to demand payment of or take any step to enforce security over any indebtedness in respect of borrowed monies of any member of the Group or of any indebtedness in the nature of borrowing of any member of the Group or to accelerate payment before its stated maturity or to require performance of a guarantee or indemnity given by a member of the Group.
- 3.3 No event has occurred or is subsisting or, so far as the Company is aware, is about to (whether as a result of the Proposals or otherwise) occur which constitutes or results in a default or which could result in a default or the acceleration by reason of default, of any obligation, under an agreement, undertaking, instrument or arrangement to which a member of the Group is a party or by which a member of the Group or any of its assets is

bound and which would have a material and adverse effect on the Group's businesses, assets or prospects.

- 3.4 Neither the creation nor the issue of the Placing Shares or the Subscription Shares or the CULS Compromise Shares nor the performance of this agreement by the Company will infringe any borrowing limits, powers or restrictions of, or the terms of any contract, indenture, security, obligation, commitment or arrangement by, the Company or any of its respective properties, revenues or assets.
- 3.5 The Directors have complied with all restrictions affecting their respective powers to borrow contained in the articles of incorporation of the Company or any other restriction on such powers.

4. No Material Adverse Change

- 4.1 Since the Accounts Date and save as fairly disclosed in the Circular:
- (a) the business of each Group Company has been carried on in the ordinary and usual course;
 - (b) there has been no material adverse change in the financial or trading position or prospects of the Company or any Group Company;
 - (c) the Company has not declared, made or paid any dividend or other distribution;
 - (d) no contracts agreements or commitments have been entered into by any Group Company which are of a long term or unusual or onerous nature or which involve or could involve an obligation of a material nature; and
 - (e) no agreement or commitment has been entered into by any Group Company for the acquisition or disposal of any business or material asset or any material liabilities (including contingent liabilities) otherwise than in the ordinary course of business (including the purchase of quoted securities) except for the Business Transfer Agreement.

5. Financial Information

- 5.1 The Accounts have been prepared in accordance with all applicable International Financial Reporting Standards which has been consistently applied except as disclosed or stated in the Accounts, have been audited in accordance with all applicable statements of standard accounting practices and all applicable financial reporting standards (except to the extent, if any, disclosed therein), and comply with the Companies Act 2006.
- 5.2 The Accounts show a true and fair view of the assets, liabilities, reserves and the state of affairs of the Group as at the Accounts Date of the profits and losses and cash flow of the Group for the period ended on the relevant balance sheet date.
- 5.3 The Company did not at the Accounts Date have any material liability (whether actual, deferred, contingent or disputed) or commitment which, in accordance with generally accepted accounting principles and practice, should have been disclosed or provided for in such financial statements and which have not been so treated therein.

- 5.4 Adequate provision or, as appropriate, disclosure in accordance with generally accepted accounting principles and practice has been made for taxation payable by the Company.
- 5.5 The Directors have procedures in place which provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the Company and each subsidiary of the Company.
- 5.6 The Management Accounts have been prepared on a basis consistent with that employed in preparing the Company's statutory accounts and in accordance with generally accepted accounting principles and practices in the United Kingdom and fairly represent the financial position of the Group as at the date and for the period to which they relate.

6. The Group's business

- 6.1 The Company and each of its Group Companies has full corporate power and authority to carry on their respective businesses and has carried or will carry on such businesses in compliance in all material respects with all legal requirements applicable to such businesses, whether in the United Kingdom, USA or elsewhere, and each of them holds all material licences, franchises, permissions, authorisations and consents ("**License and Consents**") necessary to enable it to carry on its respective business and all such Licences and Consents are in full force and effect. So far as the Company is aware, there are no circumstances which indicate that any of such Licences and Consents may be revoked, rescinded, terminated, modified, avoided or repudiated or not renewed, in whole or in part, in the ordinary course of events.
- 6.2 The Company is not aware of the invalidity of or a ground for rescission, termination, avoidance or repudiation of any material agreement, arrangement or obligation to which the Company or any of its Group Companies is a party and neither the Company nor any subsidiary of the Company has received notice of any intention to terminate, disclaim or repudiate any such agreement, arrangement or obligation.
- 6.3 Neither the Company nor any of its Group Companies is a party to any agreement, arrangement or obligation with any of the Directors or any of the Company's shareholders or is otherwise than by way of a bargain at arm's length on normal commercial terms.
- 6.4 Neither the Company nor any of its Group Companies is a party or subject to any material contract or commitment of a nature which is onerous or unusual and which has been entered into other than in the ordinary course of business.
- 6.5 No Group Company is in breach of any material laws, regulations, orders, directives, guidelines and codes which relate to it and/or the ownership and use of any of its assets and/or the carrying on of its business operations.
- 6.6 The entry into of this agreement and other agreements relating to the Proposals to which the Company is a party and the performance by the Company of its obligations under those agreements do not and will not contravene any applicable provisions of the Companies Act 2006, FSMA, the AIM Rules for Companies, the Code or any other applicable laws, rules or regulations and do not and will not constitute an infringement or a default of any obligation or restriction under any agreement to which any Group Company is a party or by which it is bound.

- 6.7 The Company has duly complied with the AIM Rules for Companies and in particular has duly made all appropriate notifications in compliance with the AIM Rules for Companies.

7. Litigation

- 7.1 Neither the Company nor any of its Group Companies is engaged in any legal or arbitration proceedings which are material or which may have a significant effect on the financial or trading position of the Company or any Group Company and no such legal or arbitration proceedings are pending or, so far as the Company is aware, threatened against the Company or any Group Company and there are no circumstances known to the Company which are likely to give rise to any such legal or arbitration proceedings.
- 7.2 There are no legal, governmental or regulatory proceedings or investigations pending or, so far as the Company is aware, threatened or contemplated to which the Company or any of its Group Companies or, so far as the Company is aware, to which any of their directors is a party, or to which any of the properties or property interests of the Company and its Group Companies is subject or any person for whom acts any member of the Group may be liable and there are no circumstances likely to give rise to such proceedings.
- 7.3 So far as the Company is aware, no circumstance has arisen which makes it likely that any public censure of the Company or any of its directors by any regulatory body will be made.
- 7.4 There is no unsatisfied judgment, order or decree of any court or any governmental agency outstanding against any member of the Group which may have a material adverse effect on the business of any member of the Group or its business, operations, assets or liabilities or any part of the same.

8. Insolvency

Neither the Company nor any Group Company has taken any action nor, so far as the Directors are aware, have any other steps been taken or legal proceedings started against the Company or any member of the Group for its winding-up or dissolution, or for it to enter into any arrangement or composition for the benefit of creditors, nor, so far as the Directors are aware, have any steps been taken for the appointment of a receiver, administrator, trustee or similar person over any part of the properties or assets of the Company or any member of the Group.

9. The Shares

- 9.1 Other than the 1,518,990 Shares and the 1,518,990 deferred shares in the capital of the Company in issue at the date of this Agreement, the CULS and the unexercised options to subscribe a total of 74,309 Shares which are outstanding, no other shares in the capital of the Company are in issue and there are no other outstanding rights to subscribe for shares in the capital of the Company or securities convertible into any such shares or to be allotted or issued shares in the capital of the Company or securities convertible into any such shares.

- 9.2 The Company has power under its memorandum of association and Articles, and (subject to the passing of the EGM Resolutions) all authorisations, approvals, consents and licences required by the Company have been obtained and become unconditional and are in full force and effect to permit the Company, to issue the Subscription Shares, to enter into and perform this agreement and to permit the Admission of the Subscription Shares.
- 9.3 The creation and issue of the Subscription Shares will comply with FSMA, the AIM Rules for Companies, the Companies Act 2006 the FSA Rules, the rules and regulations of the London Stock Exchange and all regulations made thereunder and all other relevant laws and regulations of the United Kingdom and elsewhere and all agreements or arrangements of which the Company or any subsidiary of the Company is a party or by which the Company any subsidiary of the Company or their respective properties are bound.
- 9.4 The creation and issue of the Subscription Shares and the entering into and completion of this agreement will not infringe or exceed any limits, powers or restrictions (whether Memorandum and/or in the Articles or otherwise) or the terms of any contract, obligation or commitment whatsoever of the Company or any of its Group Companies and/or of their respective boards of Directors.
- 9.5 There are no rights (whether conditional or otherwise) to require the issue of any shares or other securities of the Company or any Group Company outstanding and in force.
- 9.6 The Subscription Shares will be issued free from all Encumbrances and will rank *pari passu* in all respects with the existing Shares.
- 9.7 The existing Shares and the Subscription Shares are freely transferable and there is no restriction in the memorandum of association of the Company and/or Articles or any other agreement or corporate document on the transfer of the Company's shares which might impede efficient settlement of its shares and the registration of transfers within 14 days of receipt and the despatch of certificates without delay.

10. Returns

All returns, fees, particulars, resolutions and other documents or information required to be filed with or delivered to the relevant authorities in the United Kingdom in respect of the Company and each of its Group Companies and their respective businesses or intended businesses have been properly filed, paid and delivered.

11. Intellectual Property

- 11.1 All Intellectual Property used or held by any of the Group Companies is either vested in and beneficially and legally owned by the Group Companies free from any restrictions or Encumbrances or is licensed to a Group Company.
- 11.2 No Group Company has granted and is not obliged to grant any licences, assignments or Encumbrances under or rights to use any Intellectual Property or to furnish know-how to any person except to customers of its products.
- 11.3 No Group Company has received any notice from (i) a third party claiming to be entitled to prohibit, limit, restrict or interfere with any Group Company's rights in or to the use of

any Intellectual Property or (ii) a third party claiming any payments in relation to the use of Intellectual Property (either for past or future exploitation) and there are no circumstances which will give rise to any such demands or claims under sections (i) or (ii) above.

- 11.4 The activities of the Group Companies do not infringe, misuse or misappropriate, nor have at any time in the past six years before the date of this agreement infringed, misused or misappropriated the Intellectual Property of any third party, and no allegation has been made by any person as to any alleged infringements, misuse or misappropriations of Intellectual Property by any Group Company.
- 11.5 None of the Intellectual Property owned or used or held for use by the Group Companies are subject to any pending or threatened claims, oppositions, challenges or proceedings.
- 11.6 So far as the Company is aware no third party is infringing or making unauthorised use of, or at any time in the past three years has infringed or has made unauthorised use of, any Intellectual Property owned by or licensed to the Group Companies or any confidential information of any Group Companies, nor has any third party threatened to do so.
- 11.7 No Group Company nor, so far as the Company is aware any third party is in material breach of any licence or agreement relating to the use or exploitation by the Group Companies of Intellectual Property of another person or any licence or agreement relating to the use of Intellectual Property owned or held by or licensed to the Group Companies by any other person (together “**Licences**”) and there are no actual or pending material disputes in relation to any such Licences. No notice has been given by or received by any Group Company from any other relevant party purporting or threatening to terminate any Licences nor has any Group Company received or given any notice alleging that it or the counterparty has not complied with their respective obligations in respect of any such Licences.
- 11.8 The computer programmes sold, licensed out and distributed by the Group Companies have either been written and developed entirely by the Group Companies’ employees or have been duly assigned to the Group Companies including all Intellectual Property therein.
- 11.9 The Group Companies have taken reasonable steps to protect their confidential information and have not disclosed any computer source code to any person and have not disclosed to any person (except under written and binding confidentiality terms) any other confidential information or know-how material to their business.
- 11.10 The Group Companies own or have the right to use all elements of the computer and information technology systems used in their business including all hardware and software elements (the “**IT System**”). No element of the IT System is subject to any material dispute or challenge involving the Group Companies, whether as to ownership, performance, rights or use, quality, security, maintenance or otherwise.

12. Insurance

Each member of the Group is insured to adequate levels against all risks commonly insured

against by persons carrying on the same or similar businesses as those carried on by it and against all risks against which it (or its parent) might reasonably be expected to obtain insurance in the particular circumstances of the businesses carried on by it. All such insurances are in full force and effect and not void or voidable, no material insurance claim made by or against the Company or any member of the Group is pending, threatened or outstanding and all premiums due in respect of them have been duly paid.

13. Taxation

- 13.1 The Company and each of its Group Companies has duly and promptly made all returns and payments, given all notices and supplied all other information required to be supplied to any Taxation Authority or to any other governmental or regulatory authorities, all such information was and remains true and accurate in all material respects and was made on a proper basis and did not, nor is likely to, reveal any transaction which may be the subject of any dispute with any Taxation Authority or any such other authority.
- 13.2 There are no outstanding matters relating to Taxation which are or, are likely to become the subject of dispute with any Taxation Authority or any other appropriate authority.
- 13.3 The Company and each Group Company has either paid or accrued all Taxation which it has or will become liable to pay and is under no liability to pay any penalty, fine or interest in connection with any claim or assessment for Taxation.

14. Pensions

- 14.1 No Group Company is paying or is under any liability (actual or contingent) to pay or secure (other than by payment of employers' contributions under national insurance or social security legislation), any pension or other benefit on retirement, death or disability or the attainment of a specified age or on the completion of a specified number of years of service for any of its directors or employees or former directors or employees.
- 14.2 There are no liabilities associated with or arising from any Group Company participating in, providing or contributing to, either currently or in the past, any retirement benefits scheme or arrangement (occupational or personal) which are not fully funded, insured or provided for on a generally accepted basis either through a separate trust, insurance policy or provision in the accounts of the relevant member of the Group.

15. Due Execution

This agreement has been duly approved by the Board of Directors of the Company (or by a duly authorised committee thereof) and is a valid and binding obligations of the Company.

16. The Group Companies

The Company is the registered and beneficial owner free from all Encumbrances of the entire ordinary share capital in each of its Group Companies.

17. Real Estate

- 17.1 The Properties comprise all the land and buildings owned, controlled, occupied or used by any Group Company or in relation to which any Group Company has any right,

interest or liability. The information in respect of the Properties set out in schedule 4 is true, complete and accurate and not misleading in any material respect.

- 17.2 A Group Company is in possession of the whole of each of the Properties, and no other person is in or actually or conditionally entitled to possession, occupation, use or control of any of the Properties or has any security interest, lien, option, right of pre-emption or other similar interest in or over any of the Properties.
- 17.3 No Property is affected by a subsisting contract for sale or other disposition of any interest in it.
- 17.4 None of the Properties is subject (or likely to become subject) to any matter which might materially adversely affect: the relevant Group Company's ability to continue to carry on its existing business from any Property in the same manner as at present and no Group Company is in breach of any covenant, restriction, condition or obligation (whether statutory or otherwise) affecting the Properties or the conduct of the existing business at or from the Properties.
- 17.5 No Group Company is actually or contingently liable to pay any sums in relation to any Property other than the usual rates and taxes, rent, insurance rent and service charge. There is no outstanding liability for any rent, service charge, insurance rent, rates, taxes or other outgoings in respect of any of the Properties.
- 17.6 Leases in relation to such of the Properties as are leasehold:
- (a) all covenants, conditions and agreements contained in the relevant leases, on the part of the landlord and the tenant, have been complied with in all material respects;
 - (b) there has been no complaint alleging any breach or any refusal to accept rent; and
 - (c) no rent is or could be currently under review.

18. Disposal

- 18.1 The entry into the Business Transfer Agreement and the performance of Corero Systems Limited's ("**Systems**") obligations under it are within the power of Systems without the need for any further sanction, approval, licence or consent (except the passing of the EGM Resolutions) and to the best of the knowledge, information and belief of the Company (save to the extent disclosed in the Disclosure Letter (as defined in the Business Transfer Agreement)), there has been no material breach of any of the representations, warranties, undertakings or obligations of any party to the Business Transfer Agreement and to the best of the Company's knowledge and belief there are no circumstances which might lead to such breach occurring either before or after Admission of the Subscription Shares.
- 18.2 As far as the Company is aware all matters relating to the Disposal which require disclosure against the warranties in the Business Transfer Agreement have been adequately disclosed in the disclosure letter from Systems to Brokerhorse Limited.

SCHEDULE 3

DOCUMENTS TO BE DELIVERED

1. Save to the extent that they have been delivered to the Investors or to FinnCap prior to the signature of this agreement, each of the following documents is to be delivered, in a form previously approved by the Lead Investors (on behalf of themselves and the Investors), to the Investors or FinnCap on their behalf, forthwith upon execution of this agreement (or such other time as is specified below) and, save where the context otherwise requires, is to be dated with the date of this agreement:
 - 1.1 a certified copy of the minutes of the Board approving, inter alia:
 - 1.1.1 the Company's execution of this agreement, the Business Transfer Agreement, the Placing Agreement and all other documents relating to the Proposals to which it is a party;
 - 1.1.2 the Proposals;
 - 1.1.3 the Announcement, the Circular and their release and verification notes relating to these;
 - 1.1.4 the making of application for Admission of the Subscription Shares, Placing Shares and CULS Compromise Shares;
 - 1.1.5 the appointment of Jens Montanana and Andrew Miller to the Board, subject to approval of Shareholders at the EGM, with effect from the date of Admission of the Subscription Shares
 - 1.2 original versions of the Placing Agreement, Business Transfer Agreement, the undertakings to vote in favour of the CULS Reorganisation, and the compromise agreement of Peter Waller duly executed by all parties to them.
2. The following documents are to be delivered to the Investors or FinnCap on their behalf by the times specified below:
 - 2.1 by 5.00 p.m. on the Business Day prior to Admission, a certified copy of the resolutions of the Board in the agreed form allotting and issuing the Subscription Shares, (if applicable) the Placing Shares and the CULS Compromise Shares subject only to Admission; and
 - 2.2 a confirmation letter in the form set out in schedule 5 duly executed by the Company with effect from 5.00 p.m. on the Business Day immediately prior to the date of Admission.

SCHEDULE 4

PROPERTIES

The leasehold property known as 169 High Street, Rickmansworth, Hertfordshire WD3 1AY registered at the Land Registry under title number HD282539.

The serviced office at Branston Court, Branston Street, Birmingham B18 6BA.

SCHEDULE 5

WARRANTY CERTIFICATE

[•] 2010

[
[•]

Dear Sirs

Subscription Agreement dated [•] 2010 and made between the Company and the Investors (as defined therein) (“Subscription Agreement”)

This letter is the certificate referred to at paragraph 2.2 of schedule 3 of the Subscription Agreement and words and expressions defined in the Subscription Agreement have the same meanings in this letter.

The Company now confirms to the Investors that:

- (a) each condition at clause 3.1 (other than the Admission of the Subscription Shares and the CULS Compromise Shares) has been satisfied in accordance with clause 3;
- (b) no Warranty given by it or him was breached or untrue or inaccurate or misleading at the date of the Subscription Agreement and no such Warranty would be breached or untrue or inaccurate or misleading if it were repeated at the date of this letter by reference to the facts and circumstances now existing; and
- (c) there has been no breach by it or him of any of its or his respective obligations under the Subscription Agreement and, so far as each of them is aware (after due and careful enquiry), there are no circumstances which will prevent it or him from complying with any such obligation in full.

Yours faithfully

.....
[name]
Director, duly authorised, for and on behalf of
Corero PLC

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **CORERO PLC** by a)
director in the presence of a witness:) Signature

.....
Name (block capitals)
Director

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation:

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **JENS PETER**)
MONTANANA in the presence of a witness:) Signature

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation:

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **ANDREW**)
DOUGLAS MILLER in the presence of a witness:) Signature

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation:

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **STEPHEN DEREK**)
ALLAN TURNER in the presence of a witness:) Signature

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation:

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **JPM**)
INTERNATIONAL LIMITED by a director in the)
presence of a witness: Signature

.....
Name (block capitals)
Director

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation:

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **BFG**)
INVESTMENTS GROUP LIMITED by a director)
in the presence of a witness: Signature

.....
Name (block capitals)
Director

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation:

EXECUTED as a **DEED** but not delivered until the)
first date specified on page 1 by **UBK SPA** by a)
director in the presence of a witness:)

.....
Signature

.....
Name (block capitals)
Director

Witness signature:

Witness name (block capitals):

Witness address:

.....

Witness occupation: