

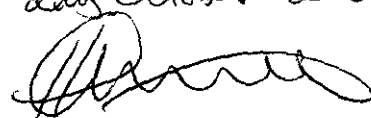
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I Certify this to be a
true copy of the original
this 18th day October 2006

DATED

September 22,

2006



Hamish Stevenson
Solicitor
54 Park Lane close
London W1A

(1) HOTSPOT HOLLAND BV

(2) THE CLOUD NETWORKS LIMITED

(3) THE SEVERAL PERSONS WHOSE NAMES

ARE SET OUT IN SCHEDULE 8

ASSET SALE AND
PURCHASE AGREEMENT



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Dated:

2006

BETWEEN

- (1) **HOTSPOT HOLLAND B.V.**, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of the Netherlands having its registered office at Singel 445V, (1012 WP) Amsterdam, The Netherlands registered with the Chamber of Commerce in Amsterdam under number 34206720 (the "Seller");
- (2) **THE CLOUD NETWORKS LIMITED** having its registered office at 54 Bartholomew Close, London EC1A 7RY incorporated in England and Wales with number 5141256 (the "Buyer");
- (3) **THE SEVERAL PERSONS** whose names and details are set out in Schedule 8 (the "Founders").

1 Definitions and Interpretations

In this Agreement unless inconsistent with the context or otherwise specified:

1.1 the following expressions have the following meanings:

"Approvals" the necessary shareholder and investor consents required by the Buyer in connection with its acquisition of the Business;

"Articles" the articles of association of the Buyer from time to time;

"this Agreement" this agreement (and the schedules to it), as varied from time to time pursuant to its terms;

"Assets" the Customer Database, the Equipment, the Intellectual Property Rights, the Stock, the Goodwill, the benefit of those Continuing Contracts which are assumed by the Buyer pursuant to clause 9, the Records, and all other property rights and assets now belonging to the Seller in connection with the Business together with all other property rights and assets (tangible and intangible) acquired by the Seller in connection with the Business prior to the Completion Date but excluding the Debts, cash in hand and at bank, any premises occupied by the Seller, and items disposed of in the ordinary course of the Business prior to Completion;

"Business" the business or businesses of providing high speed wireless internet connections, as well as installation, operation and maintenance services in connection with the provision of such connections, in each case as carried on by the Seller as at the Effective Date;

"Buyer's Solicitors" being Stephenson Harwood of One, St. Paul's Churchyard, London EC4M 8SH and any successor firm and van Doorne N.V., Jachthavenweg 121, (1081 KM) Amsterdam, The Netherlands (and any successor firm);

"Completion" completion of the sale and purchase of the Assets in accordance with clause 8;

"Consideration Shares" C Ordinary shares of 0.025 pence each in the share capital of the Buyer;

"Continuing Contracts" the contracts brief details of which are given in part 1 and part 2 of Schedule 3 and all other contracts and engagements in force and orders pending at the Effective Date to which the Seller is a party in connection with the Business; and **"Continuing Contract"** means any one of them;

"Consultancy Agreements" the consultancy agreements referred to in clause 8.3;

"Customer Contracts" the customer contracts set out in part 1 of Schedule 3;

"Customer Database" the electronic database of contact details for each customers of the Business created since the introduction of the subscription plan by the Seller (file name: "Customers since Intro Subscriber");

"Debts" except as otherwise expressly provided in this Agreement all book and other debts owing to the Seller and all bills receivable held by the Seller and all rights in relation to them and the benefit of all securities for them and of all guarantees in respect of them in each case to the extent relating to the period prior to the Effective Date;

"Disclosure Letter" the letter dated today from the Seller to the Buyer disclosing certain exceptions to the Warranties;

"Encumbrance" any mortgage, lien, pledge, charge hypothecation or other financial security interest or other third party financial interest (legal or equitable) over or in respect of any relevant assets, security or right (or an agreement or commitment to create any of them);

"Effective Date" means 00:00 hours (London time) on 20 September 2006;

"Equipment" the items specified in Schedule 1;

"Expert" a Dutch chartered accountant of no less than 10 years post qualification experience who is experienced in valuing businesses to be agreed by the Parties or, in the absence of such agreement, as nominated by the chairman of the Chamber of Commerce in Amsterdam following a request by any party;

"Goodwill" the undertaking, goodwill and connections of the Seller in connection with the Business as a going concern, including the rights for the Buyer to represent itself as carrying on the Business in succession to the Seller and to use the trade or brand name "iZingo" and all other trade names associated with the Business;

"Intellectual Property Rights" the Intellectual Property Rights referred to in the deed of assignment entered into by the parties hereto of the same date;

"Interim Contracts" the contracts identified in part 2 of Schedule 3;

"Management Accounts" the management accounts of the Seller for the period ended 30 April 2006, as appended to Schedule 4.

"Parties" the parties to this Agreement; and **"Party"** means any of them;

"Prepayments" all prepayments made by the Seller before the Effective Date under any of those Continuing Contracts which are assumed by the Buyer pursuant to clause 10 and which relate to a supply to the Seller of goods and/or services;

"Price" the purchase price for the Assets, stated in clause 4.1;

"Records" all such records, books, ledgers, lists, contracts, licences and other documents or information relating to the Business as the Buyer requires (including, without limitation, (a) details of business transactions with former and current customers and suppliers and (b) lists of current customers and suppliers (including addresses and contact names));

"Retention" 35% (thirty five percent) of the Consideration Shares comprising the Price;

"Roof Access Agreements" the contracts set out in part 1 of Schedule 3;

"Seller's Solicitors" Höcker Rueb Doeleman Advocaten, Van Eeghenstraat 98 (1071 GL) Amsterdam, the Netherlands and any successor firm and UK law firm and any successor firm;

"Stock" all the work-in-progress, unfinished goods and finished products of the Business at the Effective Date (wherever situated) including (without limitation) all wireless routers and modems, servers and other computer equipment and office stocks, stationery and advertising and promotional material;

"Tax Authority" means any Dutch and/or English taxing or other authority competent to impose and/or collect any liability in respect of Taxation, including any governmental body or local (sub)division thereof;

"Tax(es) or Taxation" means all forms of tax, duties, levies, imposts, excise and social security charges or contributions, including, without limitation, corporate income tax, wage withholding tax, national social security contributions and employee social security contributions, value added tax, customs and excise duties, capital tax and other legal transaction taxes, dividend withholding tax, (municipal) real estate taxes, real estate transfer tax, other municipal taxes and duties, environmental taxes and duties and any other type of taxes or duties in any relevant jurisdiction; together with any interest, penalties, addition, additional amount, costs, surcharges or fines thereon imposed, assessed or collected by a Tax Authority, including but not limited to any penalty, interest, costs surcharges or fines payable in connection with any failure to pay or any delay in paying any of the same in any relevant jurisdiction;

"Third Party Software Licences": means all the licences of third party software used by the Seller in the course of its Business including without limitation the licences set out at part 2 of Schedule 2;

"VAT" Dutch and/or English value added tax;

"Warranties" the representations, warranties and undertakings set out in clauses 7.4, 7.8, 13.1, 13.2, 15, 17.6 and 17.7 and Part A of Schedule 5;

"Working Day" any week day (except Saturdays, Sundays and public holidays in England and The Netherlands);

- 1.2 references to clauses and the schedules are to clauses of and the schedules to this Agreement;
- 1.3 words importing gender include each gender;
- 1.4 references to persons include bodies corporate, firms and unincorporated associations;
- 1.5 the singular includes the plural and vice versa;
- 1.6 the expression "holding company" has the meaning given to it by article 2:24a of the Dutch Civil Code;
- 1.7 clause headings are included for the convenience of the Parties only and do not affect its interpretation;
- 1.8 references to statutory provisions shall be construed as references to those provisions as respectively amended, consolidated, extended or re-enacted from time to time and shall be construed as including references to the corresponding provisions of any earlier legislation directly or indirectly amended, consolidated, extended or replaced by those statutory provisions or re-enacted and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- 1.9 the expression "disclosed" means fully and fairly disclosed to the Buyer in or by this Agreement and/or in or by the Disclosure Letter;
- 1.10 the expression "costs, expenses, loss and damage" used in clauses 9.5 and 9.6 (Continuing Contracts), 7.8 (taxation) 11.2 (creditors), 13.3 (employees) and 19.5 (costs and expenses) shall be given the widest interpretation lawfully possible and shall include the cost of complying with any direction, regulation, requirement or request made by or under or by virtue of any legislation (primary or secondary), order of any government department or by-law; and
- 1.11 where a statement is qualified by the expression "so far as the Seller is aware" or "to the best of the knowledge, information and belief of the Seller", or any similar expression, that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry and the appropriate investigations and verifications which may reasonably be expected in view of the matters stated in the statement concerned.

2 Sale of Assets

- 2.1 Subject to the terms of this Agreement and for the consideration appearing in it, the Seller shall sell and the Buyer (relying on, among other things, the Warranties) shall buy the Assets (the Business being transferred as a going concern) as at and from the Effective Date free from all Encumbrances and with full title guarantee.

3 Conditions Precedent

- 3.1 Completion is conditional upon the receipt from the contracting parties:

- 3.1.1 to the Customer Contracts and to the Roof Access Agreements of (a) assignments of the Seller's rights under the Customer Contracts to the Buyer; and (b) confirmation from such contracting parties that they do not intend to terminate the relevant Customer Contracts, renegotiate or materially reduce the services required from the Business under the Customer Contract in the period to 20 September 2009 and will renew any Customer Contract which expires prior to 20 September 2009 on materially the same terms as the existing Customer Contract, in each case in a form and in terms satisfactory to the Buyer;
- 3.1.2 to the Supplier Contract, assignment of the software and maintenance warranty from Hopling Technologies in favour of the Buyer and the Seller shall procure that Hotspot Holland B.V or its subsidiaries (as the case may be) shall procure the assignment of such warranty;
- 3.2 The Buyer (for whose exclusive benefit they are) may waive all or any of the above conditions (in whole or in part) by written notice given to the Seller but, subject to such waiver, the Seller shall use its reasonable endeavours to ensure that the above conditions shall be satisfied as soon as possible and, in any event, by no later than 17.00 hours (London time) on 29 September 2006.
- 3.3 If any of the above conditions have not been satisfied (or waived) by 17.00 hours (London time) on 29 September 2006 this Agreement shall be of no effect, subject to:
 - 3.3.1 the liability of the Seller to the Buyer for any breaches of clause 3.2; and
 - 3.3.2 the terms of clauses 1 (definitions and interpretation), 19.5 (costs and expenses), 19.9 (confidentiality) and 19.14 (governing law), all of which shall continue in force in accordance with their terms.

4 Purchase Price and Payment

- 4.1 The purchase price for the Assets shall be:
 - 4.1.1 €300,000 to be satisfied by the issue and allotment to the Seller of 53,805 Consideration Shares, each such Consideration Share being valued at €5.58 (the "Price") and the number of Consideration Shares shall be appropriately adjusted to take account of any sub-division or consolidation or reduction of the share capital of the Buyer.
- 4.2 The Price shall be apportioned between the Assets follows:

Roof Access Agreements	€135,000
Customer Contracts:	€15,000
Stock:	€5,000
Equipment:	€75,000
Goodwill:	€30,000
Records:	€10,000
Intellectual property	€25,000
Customer Database:	€5,000

The balance (if any) remaining after such allocation shall be allocated to the Goodwill.

- 4.3 The Price (after deducting the Retention, as to which the provisions of schedule 7 apply) shall be paid on Completion by issue of the Consideration Shares to the Seller.
- 4.4 In the event the Roof Access Agreement is not assigned to Buyer within 90 days from the date of Completion, the Price will be reduced accordingly (being €135,000, divided by the number of Roof Access Agreements, multiplied by the number of Roof Access Agreements not assigned). However, if Seller can source a new Roof Access Agreement to replace one not assigned, and which Buyer would not reasonably object to, then the pro rata Price, with respect to that particular Roof Access Agreement, will not be affected accordingly.

5 Buyer's covenants

5.1 The Buyer covenants that:

- 5.1.1 it has taken all necessary action and has the full power and authority to enter into this Agreement and each of the documents to be executed by it and delivered at Completion, each of which will constitute valid and binding obligations on it;
- 5.1.2 subject to obtaining the Approvals, it has the full power and authority to perform this Agreement and each of the documents to be executed by it and delivered at Completion;
- 5.1.3 it is not insolvent, has not proposed a voluntary arrangement nor has it made or proposed any arrangement or composition with its creditors or any class of its creditors;
- 5.1.4 compliance with the terms of this Agreement (including, without limitation, the allotment of the Consideration Shares) and the documents to be executed by it and delivered at Completion will not breach or constitute a default under:

- (a) the Articles or memorandum of association, any agreement or instrument to which it is a party or by which it is bound; or
- (b) any order, judgement, decree or other restriction applicable to it;

5.1.5 Schedule 6 contains a true and accurate copy of the Articles.

6 Apportionments and Prepayments

- 6.1 Subject to clause 6.2, all amounts payable or receivable in respect of the Assets which are of a periodical nature (including, without limitation, service charges, insurance premiums, royalties and other outgoings or receipts relating to the Business or but excluding Prepayments) shall (unless otherwise agreed) be apportioned between the Seller and the Buyer as at the Effective Date either:
 - 6.1.1 on a day to day basis; or
 - 6.1.2 in relation to amounts which are specifically referable to the extent of the use of any property or any rights, according to the extent of such use.
- 6.2 All Prepayments shall be payable by the Seller to the Buyer apportioned between the Seller and the Buyer as at the Effective Date on a day to day basis.
- 6.3 On or before Completion the Seller shall provide the Buyer with a schedule giving full details of the apportionments and Prepayments (and the portion of each prepayment which is payable to the Buyer) referred to in clauses 6.1 and 6.2 together with (if required by the Buyer) supporting documentation. The appropriate amount shall be paid by the Buyer to the Seller or by the Seller to the Buyer (as the case may be) on Completion, unless on that date the amount of any apportionment or Prepayment (or the portion of such Prepayment which is payable to the Buyer) remains in dispute. If there remains a dispute, the appropriate amount shall be so paid on or before the tenth Working Day after that on which the Buyer and the Seller either resolve the dispute or receive the Expert's decision (as the case may be) in accordance with clause 6.4. Any payment pursuant to this clause 6.3 shall be paid by electronic transfer to a bank account previously notified to the party liable to make the payment.
- 6.4 If the amount of any apportionment or Prepayment remains in dispute on Completion, the Buyer and the Seller shall try to resolve such dispute as quickly as possible. If the dispute is not resolved on or before the tenth Working Day after Completion, it shall be referred by either Party to the decision of the Expert.

7 VAT

- 7.1 All amounts paid or payable or consideration provided or to be provided under or in pursuance to this Agreement shall be exclusive of VAT (if any). Where one party (in this Clause 7 the "Supplier") makes or is deemed to make a supply to another party (in this Clause 7 the "Recipient") for the purposes of VAT, whether the supply is for a monetary consideration or otherwise, the Recipient shall pay to the Supplier an amount equal to the VAT and any penalty or interest chargeable to the extent that it is attributable to any act or omission by the Recipient in addition to the consideration provided in this Agreement. The Recipient shall account to the

Supplier for any amount so payable upon presentation of a valid VAT invoice from the Supplier.

- 7.2 If any amount paid by the Recipient to the Supplier in respect of VAT is subsequently found to have been overpaid, or if the Recipient is owed any amount from the Supplier by way of rebate or other repayment, the Supplier shall repay or pay such amount to the Recipient upon receipt of a notice in writing from the Recipient and the Supplier shall at the same time present to the Recipient a valid VAT credit note where by law it is required so to do.
- 7.3 The Supplier shall be entitled to demand any amount under sub-clause 7.1 at any time on or after the time of the supply and the Recipient shall be entitled to demand any amount under sub-clause 7.2 at any time after the overpayment is discovered or the amount falls due and any such amounts shall be paid or repaid within 5 Working Days following the date of the demand, but such amounts shall not be payable or repayable unless and to the extent that the Supplier has issued to the Recipient an invoice pursuant to sub-clause 7.1, or the Recipient has issued to the supplier a written notice pursuant to sub-clause 7.2 (together with a valid VAT credit note where by law it is required), within the statutory limitation period.
- 7.4 Each of the Seller and the Buyer warrants to the other that it is a registered taxable person for the purposes of the applicable VAT legislation and the Buyer warrants to the Seller that it will use the Assets in carrying on the same kind of business as the Business and the Seller warrants to the Buyer that the sale and purchase agreed pursuant to this Agreement shall accordingly be neither a supply of goods nor a supply of services for the purposes of VAT pursuant to the applicable VAT legislation.
- 7.5 The Seller and the Buyer shall use all reasonable endeavours to procure that the Business is transferred to the Buyer as a going concern as at and with effect from the Effective Date. The provisions of article 5, clause 8 and article 6, clause 5 of the Sixth EU Directive (77/388/EEG, article 31 *Wet op de Omzetbelasting*) shall apply to such transfer and accordingly:
- 7.5.1 on Completion the Seller shall deliver to the Buyer all the records of the Business for VAT purposes which are required by the applicable VAT legislation to be preserved by the Buyer; and
- 7.5.2 the Buyer will preserve the VAT records delivered to it pursuant to clause 7.2.1 for the period required by the applicable VAT legislation and will during this period allow the Seller on giving reasonable notice to have access to inspect such records during normal business hours.
- 7.6 The Seller undertakes to provide all assistance and information to the Buyer and to execute all such documents as the Buyer may request to assist the Buyer in satisfying the Tax Authorities that the sale and purchase of the Assets pursuant to this Agreement is not subject to VAT.
- 7.7 The Seller warrants and represents to the Buyer that all Taxes required to be paid by the Seller in relation to any periods before the date of Completion including Taxes required to be paid as a result of application of article 34 of the Collection Act 1990 (*Invorderingswet 1990*), including any and all Taxes required to be paid as a result of entering into this Agreement and the execution thereof, have been paid or will be

paid in full or have been fully provisioned in the Management Accounts. The amount of provision for deferred Taxes in the Management Accounts is adequate and fully in accordance with the applicable legislation, principles and case law applicable at the Effective Date.

- 7.8 The Seller undertakes to the Buyer to keep the Buyer indemnified against and held harmless from and against all actions, proceedings, costs, expenses, loss and damage whatsoever arising out of or in connection with the breach of the warranty contained in clause 7.7

8 Completion

- 8.1 Completion shall take place at the Buyer's offices at 15.00 hours (London time) on the third Working Day after that on which this Agreement has become unconditional (whichever is the later) or at such other place and time as shall be mutually agreed between the Parties when the events set out in clauses 8.2, 8.3 and 8.4 shall take place.
- 8.2 The Seller shall deliver to the Buyer:
- 8.2.1 such of the Assets as are capable of transfer by delivery;
 - 8.2.2 all instruments of transfer (including, without limitation, the deed of transfer of all Intellectual Property Rights, conveyances, transfers and assignments) and documents of title as the Buyer may require in respect of the Assets (other than those in respect of which title passes by delivery) together with acknowledgements from third parties holding any of the Assets or the documents of title that they hold them for the Buyer absolutely;
 - 8.2.3 all instruments (including, without limitation, letters of non-crystallisation, consents, receipts, licences and releases) as are required to enable the Seller to sell the Assets and the Business to the Buyer free from all Encumbrances;
 - 8.2.4 transfers of those licences, consents, permits and authorisations necessary or desirable for the effective carrying on of the Business which are held by the Seller and are transferable by the Seller to the Buyer;
 - 8.2.5 the Records;
 - 8.2.6 the VAT records referred to in clause 7.5.1;
 - 8.2.7 all designs and drawings, plans, instructional and promotional material, sales publications, advertising materials, terms and conditions of sale and other technical material and sales matter which relate to the Business ;
 - 8.2.8 the schedule and supporting documentation referred to in clause 6.3;
 - 8.2.9 the source code to MySQL and Billing Gateway on a CD Rom; and
 - 8.2.10 the list of creditors and the list of Debts referred to in clauses 10.1 and 11.1.

- 8.3 Ben van Dongen, Gerrit Anton Bos and Carl Harper shall respectively procure Van Dongen & Partners B.V., Bosbros B.V. and CJH Holding B.V. shall each enter into a Consultancy Agreement with the Buyer in the form initialled by each of the individuals and the Buyer as at the date of this Agreement.
- 8.4 Against compliance by the Seller with its obligations under this clause 8 (but subject to clause 8.6 and the provisions of schedule 7 with regard to the Retention), the Buyer shall pay the Price in the manner provided by clause 4.3.
- 8.5 If the Seller:
- 8.5.1 fails to comply with any of its obligations under clauses 8.2 and 8.3:
- (a) the Buyer shall not be bound to complete the purchase of any of the Assets and may treat this Agreement as at an end without liability on its part, but without prejudice to any other right or remedy of the Buyer (including rights to claim damages or compensation);
 - (b) the Buyer may in its absolute discretion waive any such obligation and require completion of this Agreement notwithstanding such breach without prejudice to any other right or remedy of the Buyer (including, without limitation, rights to claim damages or compensation);
- 8.5.2 on Completion is unable to vest in the Buyer fully and effectually free from all charges, mortgages, liens, encumbrances, equities and claims of any kind any of the Assets, the Buyer in its absolute discretion may exclude any such Asset from the sale, and in the case of an item or items to which an agreed value is stated in Schedule 1, 2 or 3 (as the case may be) the Price shall abate by the amount so stated, or, in the case of an item to which no agreed value is stated, by an amount which, failing agreement on Completion, shall be decided by the Buyer and subsequently referred by either Party to the decision of the Expert.
- 8.6 Property and risk in the Assets shall, in the case of each Asset, pass to the Buyer on the Effective Date or the date upon which the Seller delivers or transfers the Asset in question to the Buyer (whichever is the later). The Seller will pending Completion at its own expense and for a period of thirty (30) days after Completion maintain in force all insurances in relation to or in connection with the Business and the Assets and will forthwith cause the interest of the Buyer to be noted on the relevant policies and supply evidence of the same to the Buyer.

9 Continuing Contracts

- 9.1 Subject to the consent of any third party (where necessary) the Buyer may after Completion carry out and complete the Continuing Contracts for its own benefit.
- 9.2 At the Buyer's request, the Seller shall obtain the consent of any third party whose consent is required to an assignment or novation of any Continuing Contract assumed by the Buyer pursuant to this clause 9 and shall, subject to such consent, effect or join in such an assignment or novation. The Seller appoints the Buyer as its agent to receive and execute all documents and to do such other acts on the

Seller's behalf (on terms which are not inconsistent with the provisions of clauses 9.5 and 9.6) as may be necessary or desirable for the purpose of this clause 9.2.

- 9.3 Without prejudice to clauses 9.5 and 9.6, failing or pending any required consent as referred to in clause 9.2, the Seller remains liable under any such Continuing Contract as a contracting party, but as from Completion the Buyer shall assume the obligations under each such contract as sub-contractor of the Seller (if such sub-contracting is permissible and lawful under the relevant Continuing Contract) and otherwise as agent for the Seller. The Seller shall promptly account to the Buyer for all sums received from each such contract and procure that the Buyer shall be entitled to the full benefit of it.
- 9.4 At the Buyer's request, the Seller shall co-operate with the Buyer and give all assistance which the Buyer may require from time to time to enable the Buyer to enforce the Continuing Contracts. For this purpose, the Seller agrees that the Buyer may commence, defend, conduct, settle or otherwise compromise, discontinue or withdraw any legal proceedings and have full control of such proceedings all in the name of and on behalf of the Seller.
- 9.5 Conditional upon Completion, the Seller shall keep the Buyer indemnified against and held harmless from all actions, proceedings, costs, expenses, loss and damage whatsoever arising in relation to the Continuing Contracts directly or indirectly as a result of any act, omission or default of the Seller or any other person which occurred or occurs before the Effective Date.
- 9.6 Conditional upon Completion, the Buyer shall keep the Seller indemnified against and held harmless from all actions, proceedings, costs, expenses, loss and damage whatsoever arising in relation to the Continuing Contracts assumed by the Buyer pursuant to this clause 9 directly or indirectly as a result of any act, omission or default of the Buyer or any other person which occurred or occurs after the Effective Date.

10 Interim Contracts

- 10.1 The Seller acknowledges that the Interim Contracts shall not be Continuing Contracts but that the Seller shall hold the benefit of the Interim Contracts for a period of 90 days from Completion and the Seller shall not without the prior consent in writing of the Buyer:
- (a) terminate (or purport to do so) or indicate to the respective contracting party or parties to the Interim Contracts that the Seller intends to or is considering terminating, negotiating or not renewing the Interim Contracts;
 - (b) exercise (or purport to exercise) the Seller's rights under the Interim Contracts other than in accordance with the reasonable directions of the Buyer or, in the event that it is not practicable to obtain such directions, exercise such rights other than in a manner conforming with past practice in what it believes are the best interests of the Business.
- 10.2 In the event that the Seller breaches the provisions of clause 10.1 (without prejudice to any other rights of the Buyer) the Seller shall indemnify the Buyer for all costs, expenses, loss or damage resulting therefrom.

- 10.3 The Seller shall open a separate bank account on Completion on trust for the Buyer through which all payments to and from the Seller in respect of the Interim Contracts shall be routed. The Seller shall take all reasonable endeavours to procure that as from Completion all payments to the Seller by parties to the Interim Contracts in respect of those Interim Contracts shall be paid to such bank account and shall transfer as soon as reasonably practicable any wrongly paid monies into such account.
- 10.4 Every 15 days (or at such times as instructed by the Seller) until the expiry of the 90 day period referred to in clause 10.1, the Seller shall transfer by electronic transfer to a bank account nominated by the Buyer the monies standing in the trust bank account (or which should have been in such account by operation of clause 10.3), the final such payment to occur on the last business day in the 90 day period.
- 10.5 Within 10 days of the expiry of the 90 day period the Buyer may notify the Seller that it wishes to have all or any of the Interim Contracts assigned or novated to the Buyer in which case the provisions of clause 9 shall apply as if in each case the relevant Interim Contract were a Continuing Contract, save only that (for the purposes of this clause 10.5) in applying clause 9 to this clause 10.5 references to the "Effective Date" shall mean 00.01 hours on the day immediately after the expiry of the 90 day period.

11 Creditors

- 11.1 The Seller shall at Completion supply to the Buyer (for the attention of Dominik von Scheven) a complete list of creditors of the Business as at the Effective Date and at Completion.
- 11.2 The Seller shall pay, satisfy and discharge as they fall due all the debts, claims, liabilities and obligations of any kind of the Seller in connection with the Business incurred or arising before the Effective Date or relating to events, acts or omissions which took place before the Effective Date, including (but not limited to) warranty and other claims (a "**Third Party Claim**") by third parties in respect of any service supplied by the Seller before the Effective Date or arising from goods supplied by the Seller before the Effective Date. The Seller shall keep the Buyer indemnified against and held harmless from all actions, proceedings, costs, expenses, loss and damage whatsoever arising out of or in connection with any failure by the Seller to comply with its obligations under this clause 11.2.
- 11.3 Forthwith upon becoming aware of any Third Party Claim, the Seller shall notify the Buyer of it and shall take no step in relation to it which, in the Buyer's opinion, might damage the interests of the Buyer or the Business without the Buyer's prior written approval.
- 11.4 If the Buyer considers that it is desirable to take preventative action with a view to avoiding or minimising any Third Party Claim the Seller shall bear the costs of such action.
- 11.5 After Completion with a view to preserving the Goodwill and the continuity of the Business, the Buyer may in its absolute discretion settle as it thinks fit any Third Party Claim. Any payment or allowance to or forbearance with such person in connection with such settlement shall be for the account of the Seller and shall be paid by the Seller to the Buyer on demand.

- 11.6 The Seller will at the Buyer's request and expense give to the Buyer all reasonable assistance to enable the Buyer to enforce the rights of action relating to any Third Party Claim.

12 Debts

- 12.1 The Seller shall at Completion supply to the Buyer (for the attention of Dominik von Scheven) a complete list of Debts as at the Effective Date and at Completion.
- 12.2 Notwithstanding that the Debts are excluded from the sale and purchase under this Agreement, during the period of six (6) months following Completion (the "Period") the Seller shall not seek to recover the Debts from debtors and shall, at the end of each consecutive month during the Period, inform the Buyer of any of the Debts which have been paid direct to the Seller during such month.
- 12.3 During the Period the Buyer may (but shall not be obliged) to collect and receive the Debts for the account of the Seller. The Buyer may apply the amounts received (after deducting the expenses of collection) in or towards satisfaction of liabilities of the Seller to the Buyer under this Agreement or owing to creditors of the Seller at the Effective Date. At the end of the Period, the Buyer shall:
- 12.3.1 pay any net proceeds to the Seller or as the Seller may direct; and
 - 12.3.2 provide to the Seller (for the attention of Dominik von Scheven) written particulars of all receipts and the application of them under this clause 12.3.
- 12.4 Unless the relevant debtor states otherwise, any money received by the Buyer in the course of collecting any Debts from a person who is also indebted to the Buyer shall be treated as having been paid in or towards discharge of the oldest debt, regardless of the identity of the creditor.
- 12.5 After the expiry of the Period the Seller may collect on its own behalf any of the Debts which then remain outstanding.

13 Employees

- 13.1 The Seller represents and warrants to the Buyer that there are no persons employed by the Seller in the Business and no persons who may be regarded as so employed by any relevant Tax Authority.
- 13.2 The Seller represents and warrants to the Buyer that the Buyer will not have any obligation to employ any person in the Business by operation of law or otherwise by the entry into this Agreement.
- 13.3 The Seller undertakes to the Buyer to keep the Buyer indemnified against and held harmless from and against all actions, proceedings, costs; expenses, loss and damage whatsoever arising out of or in connection with the breach of the warranties contained in this clause 13.

14 Conduct of the Business

- 14.1 The Seller shall carry on the Business as a going concern and shall provide services to the Business in the same manner as heretofore from the date of this Agreement to the date of Completion and during such period shall:
- 14.1.1 not sell or dispose of any of the Assets save in the course of normal day to day trading or assume or incur a liability, obligation or expense (actual or contingent) except in the usual and ordinary course of its trade and on normal arms length terms;
 - 14.1.2 use its reasonable endeavours to maintain the trade and trade connections of the Business and shall not by any action omission default or neglect knowingly damage or risk damage to the same;
 - 14.1.3 not grant or create or agree to grant or create any mortgage charge debenture or other encumbrance over or affecting any of the Assets
 - 14.1.4 not take on any new employees;
 - 14.1.5 not permit any of its insurances to lapse or knowingly do or omit to do anything which would make any policy of insurance void or voidable.
- 14.2 The Seller shall immediately disclose to the Buyer in writing any matter or thing which arises or may arise or become known to it before Completion which has or is likely to have a material and adverse effect on the Business as presently conducted, or on the financial or trading position or prospects of the Business or which is otherwise material to be known by a Buyer of the Business or the Assets.
- 14.3 The Seller shall procure that until Completion, the Buyer and its advisers shall be given promptly on request access at all reasonable times to the Records and such further facilities and information relating to the Business as they may reasonably require.

15 Warranties

- 15.1 The Seller represents, warrants and undertakes to the Buyer and its successors in title in the terms set out in part A of Schedule 5.
- 15.2 The Seller represents and warrants to the Buyer that the statements made by the Seller in clause 13 and Part A of Schedule 5 are true, accurate and not misleading on the date hereof and that such statements shall be deemed to be repeated to be true, accurate and not misleading on Completion.
- 15.3 The Warranties are given subject only to the matters disclosed. in the Disclosure Letter.
- 15.4 The rights and remedies of the Buyer in respect of any breach of the Warranties shall not be affected by Completion or by any information relating to the Business or the Assets of which the Buyer has knowledge (however acquired and whether actual, imputed or constructive) which is not disclosed.

- 15.5 Each of the Warranties set out in each paragraph of Schedule 5 is separate and independent and unless otherwise expressly provided shall not be limited by any other Warranty or anything in this Agreement.
- 15.6 The Seller is aware and acknowledges that the Buyer has entered into this Agreement in reliance on (among other things) the Warranties and other indemnities contained in this Agreement.
- 15.7 The Seller shall not do or allow any act or permit any omission and shall procure that no act or omission occurs before Completion which would constitute a breach of any of the Warranties if they were given at the time of such act, omission or occurrence and/or at Completion or which would make any of the Warranties inaccurate or misleading if they were so given. The Seller undertakes to disclose to the Buyer in writing any matter or thing occurring or which becomes known prior to Completion which constitutes a breach of or is inconsistent with any of the Warranties or which renders any of the Warranties inaccurate or misleading (or which would constitute a breach of or be inconsistent with any of the Warranties or render any of them inaccurate or misleading if the Warranties were given at the time of such occurrence and/or at Completion) or which is material to be known to a buyer for value of the Assets forthwith upon becoming aware of the same. Where the Warranties are deemed to be given on a date other than the date of this Agreement, references in the Warranties to the date of this Agreement shall be deemed to be references to the date on which the Warranties are deemed to be given.
- 15.8 If it is found prior to Completion that any of the Warranties is incorrect or has not been fully carried out, or if any matter or thing arises or becomes known or is notified to the Buyer which is inconsistent with any of the Warranties or any other provision of this Agreement, which in either case would have a material adverse effect on the Business, the Buyer shall not be bound to complete the purchase of the Assets and the Buyer may by notice treat this Agreement as at an end without liability on its part. The right conferred on the Buyer by this clause 15.7 is in addition to and without prejudice to any other rights or remedies of the Buyer (including, without limitation, any rights to claim damages or compensation from the Seller by reason of such breach).
- 15.9 Where as a result of or in connection with any breach of any of the Warranties the value of any of the Assets is diminished or is less than it would have been had there been no such breach or any payment is made or required to be made by the Buyer, the Buyer may elect that the amount of such diminution, shortfall or payment (together with any costs and expenses incurred in connection with such breach) shall be taken to be the loss suffered by the Buyer by reason of such breach.
- 15.10 If in respect of or in connection with any breach of any of the Warranties any sum payable to the Buyer by the Seller by way of compensation (whether under clause 15.8 or otherwise) is subject to income tax, corporation tax, capital gains tax, VAT or any other Taxation of any kind, then such further amount shall be paid to the Buyer by the Seller so as to secure that the net amount received by the Buyer is equal to the amount of compensation due to it in respect of such breach.
- 15.11 The Warranties save in respect of those warranties provided pursuant to clauses 7.4, 7.8, 13.1, 13.2, 17.6 and 17.7 are subject to the limitations set out in part B of Schedule 5.

16 Access to Information

16.1 The Seller undertakes with the Buyer notwithstanding Completion:

- 16.1.1 to continue to give to the Buyer such information and assistance as it may reasonably require relating to the Business and the know-how connected with it and in particular to its customers and suppliers, its current contracts and engagements and trade debtors and trade creditors;
- 16.1.2 to pass on promptly to the Buyer any enquiries relating to the Business received after Completion;
- 16.1.3 to allow reasonable access for a period of 2 years for the Buyer or its duly authorised representatives at all reasonable times upon prior notice to all relevant books, documents and information not delivered to the Buyer under this Agreement (the "Seller's Records") as the Buyer may reasonably require in relation to any matter concerning the conduct of the Business prior to Completion and/or this Agreement;
- 16.1.4 to permit the Buyer or its duly authorised representatives to take copies of or extracts from the Seller's Records; and
- 16.1.5 for a period of not less than seven (7) years after Completion not to destroy the Seller's Records.

17 Competition

17.1 In this clause 17 the following expressions have the following meanings:

- "Relevant Period": the twelve (12) month period ending with Completion;
- "Restricted Client": any person who was at any time in the Relevant Period a customer of the Seller in relation to the Business or who is at the Effective Date negotiating with the Seller with a view to becoming a customer in relation to the Business;
- "Territory": The Netherlands.

17.2 The Seller undertakes to the Buyer that neither the Seller nor any company carrying on business providing wireless internet to end users in succession to the Seller will directly or indirectly on its own account or on behalf of any other person and whether as principal, shareholder, partner, employee, agent or otherwise:

- 17.2.1 within the Territory during the period of two (2) years after Completion take an active role in the business of providing wireless internet services to end users.
- 17.2.2 during the period of two (2) years after Completion in competition with the Business canvass or solicit custom from any Restricted Client;

- 17.2.3 during the period of two (2) years after Completion in competition with the Business as carried on at the Effective Date deal with any Restricted Client in relation to the Business;
- 17.2.4 during the period of two (2) years after Completion induce or seek to induce away from the Buyer any employee whether or not this would be a breach of contract on the part of such employee;
- 17.2.5 at any time after Completion carry on or be concerned or interested or engaged in any business under the name or style of "iZingo" or containing any of those words or any part of it or any misleadingly similar name.
- 17.3 Each of the Founders severally undertakes to the Buyer that it/he will not directly/indirectly on its/his own account or on behalf of any other person and whether as principal, shareholder, partner, employee, agent or otherwise breach the provisions set out in clauses 17.2.1 to 17.2.5
- 17.4 The restrictions contained in clauses 17.2 and 17.3 are considered reasonable by each of the Parties and are intended to be separate and severable. If any of those restrictions are held void, but would be valid if part of the wording were deleted, such restrictions shall apply with such deletion as may be necessary to make it valid and effective.
- 17.5 Nothing in this clause 17 shall prevent Ben van Dongen from continuing to hold the following interests:

PicoPoint B.V.	3.5%
WJ Invest B.V.	4.99%
- 17.6 The Seller warrants to the Buyer that it will not be in breach of this clause 17 on Completion.
- 17.7 Each of the Founders severally warrants to the Buyer that it will not be in breach of this clause 17 on Completion.

18 Expert

- 18.1 In each case under this Agreement where any matter or dispute is referred to the decision of the Expert:
 - 18.1.1 the Expert shall act as an expert and not as an arbitrator;
 - 18.1.2 the decision (which shall be given by him in writing, stating his reasons for it) shall be final and binding on the Parties (except in the case of manifest error); and
 - 18.1.3 the Expert's costs and expenses shall be borne by the Buyer and the Seller in such proportions as the Expert may decide to be fair and reasonable in the circumstances or, if no such decision is made by the Expert, by the Buyer and the Seller in equal proportions.
- 18.2 Each Party shall promptly provide the Expert with such information as he may reasonably require to enable him to reach his decision.

19 Ancillary Provisions

19.1 Time of Essence

Time is of the essence of this Agreement in respect of any date or period mentioned in this Agreement and any date or period substituted by written agreement between the Parties or otherwise.

19.2 Waiver

No delay or failure by the Buyer to exercise any of its powers, rights or remedies under this Agreement shall operate as a waiver of them, nor shall any single or partial exercise of any such powers, rights or remedies preclude any other or further exercise of them. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law. No waiver by the Buyer of any breach by the Seller or any of the Founders of any provision of this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other provision of this Agreement.

19.3 Assignment

The Seller and each of the Founders agree that the benefit of any provision of this Agreement may be assigned by the Buyer and its successors in title without the consent of the Seller or any of the Founders. The Seller shall not be entitled to assign the benefit of any provision of this Agreement without the consent of the Buyer.

19.4 Severability

If any part of this Agreement is found by any court or other competent authority to be invalid, unlawful or unenforceable then such part shall be severed from the remainder of this Agreement which shall continue to be valid and enforceable to the fullest extent permitted by law.

19.5 Costs and expenses

Each Party shall pay its own costs and expenses incurred in the preparation, execution and carrying into effect of this Agreement, but if the Buyer is entitled to treat this Agreement as at an end pursuant to clause 8.5.1 or 15.8 or because of non-fulfilment of any of the conditions precedent referred to in clause 3, or otherwise, the Seller shall indemnify and hold harmless the Buyer against all such costs and expenses together with all costs, expenses, loss and damage incurred by the Buyer in connection with the termination of this Agreement and any investigation or enquiry carried out by or on behalf of the Buyer into the Assets (whether before or after entering into this Agreement).

19.6 Release of liability

The Buyer may release or compromise the liability of the Seller under this Agreement or grant to the Seller time or other indulgence.

19.7 Entire agreement

- 19.7.1 This Agreement and the documents referred to in it constitute the entire agreement and understanding between the Parties in relation to its subject matter.
- 19.7.2 Each of the parties agrees that in entering into this Agreement, and the documents referred to in it, no party may rely on, and shall have no right or remedy in respect of, any agreement, representation, warranty, statement, assurance or undertaking of any nature whatsoever (other than those expressly set out in this Agreement and the documents referred to in it) made by or given by any person prior to the date of this Agreement and all conditions, warranties or other terms implied by statute or common law are excluded to the fullest extent permitted by law. Nothing in this clause shall limit or exclude any liability for fraud.
- 19.7.3 Except as otherwise permitted by this Agreement, no change to its terms shall be effective unless it is in writing and signed by or on behalf of each of the Parties.

19.8 Further assurance

Upon demand by the Buyer and the Seller and the Founders will at their expense execute and register all further documents and do all acts and things as the Buyer shall reasonably require:

- 19.8.1 (whether before or after the Effective Date) to enable the Buyer to obtain those statutory, municipal and other licences, consents, permits and authorisations necessary or desirable for the effective carrying on of the Business which are not transferable by the Seller to the Buyer;
- 19.8.2 for the purpose of vesting the Assets in the Buyer; and
- 19.8.3 to enable the Buyer to obtain the full benefit of this Agreement.

19.9 Confidentiality

19.9.1 Save as provided below the Seller and each of the Founders shall keep confidential the terms of this Agreement and any confidential information of any nature whatsoever about directly or indirectly concerning the Business or the Buyer which comes into its possession.

19.9.2 The restriction contained in this Clause 19.9 shall not apply to:

- (a) the disclosure of any information to the extent that such information must be disclosed to comply with the requirement of any law or regulatory authority to which the Seller or any of the Founders are subject; and
- (b) the disclosure of any information by the Seller or any of the Founders to their professional advisers under similar conditions of confidentiality for the purposes of evaluating the Seller or any of the Founders (as the case may be) rights and/or liabilities under this Agreement.

19.10 Non-merger

Notwithstanding Completion, this Agreement shall remain in full force and effect as regards any of its unperformed or unimplemented provisions including, without limitation, all guarantees, warranties and undertakings.

19.11 Counterparts

19.11.1 This Agreement may be executed in any one or more number of counterpart agreements each of which, when executed, shall be deemed to form part of and together constitute this Agreement.

19.11.2 This Agreement shall be immediately binding and effective when each of the Parties has unconditionally executed this Agreement or any of those counterparts.

19.12 Set off

19.12.1 If any sum of money shall be due from the seller, the Buyer may deduct that sum from any sum then due or which at any time thereafter may become due to the seller under any other agreement with the Buyer

19.13 Notices

19.13.1 Any notice or other communication to be given under this Agreement shall either be delivered by hand or sent by first class post or e-mail (provided that, in the case of e-mail transmission, the notice is confirmed by being delivered by hand or sent by first class post within two Working Days after transmission) as follows:

(a) in the case of the Buyer to:

Address: 54 Bartholomew Close, London, EC1A 7RY, United Kingdom

For the attention of: Hamil Stevenson

E-mail: hamil.stevenson@thecloud.net

(b) in the case of the Seller to:

Address: Reguliersdwarsstraat 95D, 1017BK

For the attention of: Gert Bos

E-mail: tbc

(c) in the case of the Founders to:

Address: Reguliersdwarsstraat 95D, 1017BK

For the attention of: Gert Bos

E-mail: tbc

19.13.2 A Party may change the address or facsimile number or the name of the person for whose attention notices are to be addressed by serving a notice on the others in accordance with this clause 19.13.

19.13.3 All notices shall be deemed to have been served as follows:-

- (a) if delivered by hand, at the time of delivery;
- (b) if posted by first-class inland post at the expiration of two Working Days after the envelope containing the same was delivered into the custody of the postal authorities; and
- (c) if communicated by e-mail, six hours after the time of transmission;

PROVIDED that where, in the case of delivery by hand or by e-mail transmission, such delivery or transmission occurs after 5 p.m. on a Working Day or on a day which is not a Working Day, service shall be deemed to occur at 9 a.m. on the next following Working Day.

19.13.4 In proving such service it shall be sufficient to prove that the envelope containing such notice was properly addressed and delivered either to the address shown thereon or into the custody of the postal authorities.

19.14 Governing law and Jurisdiction

19.14.1 This Agreement is governed by and shall be construed in accordance with Dutch law.

19.14.2 For the benefit only of the Buyer, the Parties irrevocably agree that the Dutch courts are to have jurisdiction to settle any disputes and to entertain any suit, action or proceedings in each case arising out of or in connection with this Agreement (together, in this clause 19.14, "proceedings").

19.14.3 The Seller irrevocably waives any objection which it may now or in the future have to any court referred to in this clause 19.14 as a venue for any proceedings and any claim which it may now or in the future be able to make that any proceedings in any such court have been instituted in an inconvenient or inappropriate forum and irrevocably agrees that a judgment in any such proceedings brought in any such court shall be conclusive and binding upon it/them and may be enforced in the courts of any other jurisdiction.

20 Third Parties

This Agreement is drawn up for the exclusive use of the Parties, their successors by universal title and to the extent allowed by this Agreement, their successors by singular title. Except to the extent expressly stipulated otherwise in this Agreement, no clause in this Agreement intends to create any right for any third party to claim performance or to rely upon the Agreement in any way. In the event a third party stipulation (derdenbeding) is accepted by a third party, such third party shall not become a party to this Agreement. Any and all provisions relating to the Founders or (former) employees of the Seller do not qualify as a third party stipulation.

This Agreement has been signed on the date first stated on page 1 above.

Signed by Hotspot Holland B.V.



By: Gert Bos

Title: Managing Director

Date: 22/09/2006

Signed by The Cloud Networks
Limited



By: Niall Murphy

Title: Chief Technical Officer

Date:

Signed by The Cloud Networks
Limited

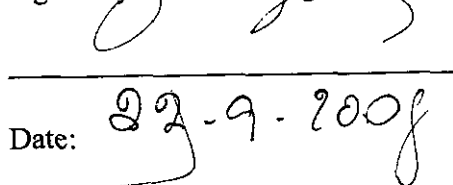


By: George Polk

Title: Chief Executive Officer

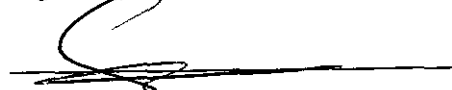
Date:

Signed by Ben van Dongen



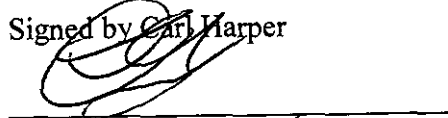
Date: 22-9-2006

Signed by Gerrit Anton Bos



Date: 22/9/2006

Signed by Carl Harper



Date: 24/12/2006

Schedule 1

Equipment

The equipment, computers, wiring, hardware, wireless routers and modems, servers and other computer equipment, loose chattels and items of a similar nature as are on or used by the Seller in connection with the Business at the Effective Date and including in particular but without limitation the items of equipment and loose chattels short particulars of which are specified in the annexed Equipment Register.

Hotspot Amsterdam / iZingo Misc. Inventory

Hardware

- 2 x Hopling Xfire Modified Servers with 60 GB Drive running Linux, and various other Freeware products such as MySql, PHP, Apache, PPP, Sendmail etc
- 1 x Hopling Hopbase Server with 40 GB Drive running Linux, and various other Freeware products such as MySql, PHP, Apache, PPP, Sendmail etc
- 1 x APC 1500VA Automated Advanced UPS System.
- 1 x Taicom 4 way ADSL Dynamic Load Balancer
- 5 x Speedtouch 510 ADSL Modems
- 2 x E-Tech ADSL2 Modems
- 1 x External DVD/CD Reader/Re-Writer

Non Deployed WIFI Antennas

- 12 x Omni Antennas 8 DB 5 Ghz
- 3 x Omni Antennas 13 DB 5 Ghz
- 3 x 120 Degree Sector Antennas 13 DB 2.4 Ghz
- 2 x 45 Degree Patch Antennas 17 DB 5 Ghz

Other Misc Equipment

Misc	Antenna related equipment, and Cabling supplies	approx	(2500 Euros)
Misc	Installation Tooling, and Supplies	approx	(1500 Euros)

Schedule 2

Part 1

Intellectual Property Rights

A. Specific Intellectual Property Rights

Unregistered Trade Marks and Names

1. iZingo



WIFI Internet & VOIP Mobile Provider

2. Hotspot Amsterdam



B. General

None

Schedule 2

Part 2

Licences and agreements including Third Party Software Licences

None

Schedule 2

Part 3

Business-Owned Software

1. MySQL
2. Billing Gateway
3. Management System iZingo/Hotspot Amsterdam

<i>File Name</i>	<i>Function</i>
<i>iZingo_Process.php</i>	<i>Initial Node Processing Program that Logs User Information MAC Address etc.</i>
<i>redirect.php</i>	<i>Next stage of redirection decides which Logon Page belongs to this user/node</i>
<i>functions.php</i>	<i>Standard Functions for iZingo page headers/footers etc.</i>
<i>iZingo_Process_Logon.php</i>	<i>Perform Customer Validation for Internet Access against MySQL Database 'iZingo'.</i>
<i>iZingo_Process_Portal.php</i>	<i>Perform User Validation for Management Portal Against MySQL Database 'iZingo'.</i>
<i>iZingo_Process_New_Xspot.php</i>	<i>Detect New Node and Validate as Admin User to choose Node Location.</i>
<i>log.php</i>	<i>Pickup all Node 'Event' Information, and Update MySQL Database 'iZingo_Events' with the information eg Node Alive, New DHCP Lease, Session Timeout for Customer, Idle Timeout for Customer etc.</i>
<i>Online_Order.php</i>	<i>Using Dynamic Input from MySQL Data base create relevant Online Order URL and redirect to Payment method eg Paypal, 2checkout.com. Then Send Customer to this URL.</i>
<i>Payment_Return_Approved.php</i>	<i>Deal with a Valid customer payment, and Log relevant information including creating</i>

	<i>Customer ID, and Password.</i>
<i>Payment_Return_Failed.php</i>	<i>Deal with a Failed Payment, and allow Customer back to logon page to choose Payment method again.</i>
<i>Display_User_Details.php</i>	<i>Display Valid Payment Customer their ID, Password etc, and Generate Invoice record it, and Email it to Customer Email Address.</i>
<i>New_Xspot.php</i>	<i>Initial New Node Redirection/Logging</i>
<i>iZingo_Process_Xspot.php</i>	<i>New Node so do Initial Processing including displaying Logon Page for Admin.</i>
<i>Select_Xspot_Customer_1.php</i>	<i>Allow Admin to choose Network Customer eg iZingo Amsterdam/Zurich etc.</i>
<i>Process_Xspot_Select_Location.php</i>	<i>Allow Admin to choose Location Identification for Node i.e Login/Splash page for Node.</i>
<i>iZingo_Process_Xspot_DB_Update.php</i>	<i>Perform MySQL Updates based on New Node information and make node operational.</i>

4. Management System iZingo/Hotspot Amsterdam

<i>File Name</i>	<i>Function</i>
<i>login_page.php</i>	<i>Login page for management Portal.</i>
<i>AdminUpdate.php</i>	<i>Perform MySQL Updates for Admin Management User.</i>
<i>AdminProcessUpdate.php</i>	<i>Complete MySQL Updates for Admin Management User.</i>
<i>AlertSystem.php</i>	<i>Email/SMS Alert System Part-1.</i>
<i>AlertSystem2.php</i>	<i>Email/SMS Alert System Part-2.</i>

<i>CustomerMaintenanceActive.php</i>	<i>Select Network for Active Users to be displayed.</i>
<i>CustomerMaintenanceNetwork.php</i>	<i>Select Network to Display all Users.</i>
<i>DeleteNetworkDetails.php</i>	<i>Remove Network from Backoffice.</i>
<i>ExpireVoucher.php</i>	<i>Invalidate/Expire Voucher Part-1.</i>
<i>ExpireVoucher2.php</i>	<i>Invalidate/Expire Voucher Part-2.</i>
<i>NetworkStatus.php</i>	<i>View Network Status Part-1.</i>
<i>NetworkStatus2.php</i>	<i>View Network Status Part-2.</i>
<i>OnlineSales.php</i>	<i>View Online Sales Part-1.</i>
<i>OnlineSales2.php</i>	<i>View Online Sales Part-2.</i>
<i>OnlineSales3.php</i>	<i>View Online Sales Part-3.</i>
<i>OnlineSalesIncomplete.php</i>	<i>View Customer Unfinished Sales Part-1.</i>
<i>OnlineSalesIncomplete2.php</i>	<i>View Customer Unfinished Sales Part-2.</i>
<i>OnlineSalesIncomplete3.php</i>	<i>View Customer Unfinished Sales Part-3.</i>
<i>OnlineUsers.php</i>	<i>Current Online Users Part-1.</i>
<i>OnlineUsers1.php</i>	<i>Current Online Users Part-2.</i>
<i>Option_System_1.php</i>	<i>Management Portal Dynamic Menu Option Processing Part-1.</i>
<i>Option_System_2.php</i>	<i>Management Portal Dynamic Menu Option Processing Part-2.</i>
<i>Option_System_3.php</i>	<i>Management Portal Dynamic Menu Option Processing Part-3.</i>
<i>RebootNode.php</i>	<i>Remote reboot of Node Part-1.</i>
<i>RebootNode1.php</i>	<i>Remote reboot of Node Part-2.</i>

<i>ProcessNodeReboot.php</i>	<i>Perform remote reboot of selected Node.</i>
<i>RouterSales.php</i>	<i>Show Online Sales Per Node Part-1.</i>
<i>RouterSales1.php</i>	<i>Show Online Sales Per Node Part-2.</i>
<i>RouterVouchers.php</i>	<i>Show Voucher Sales Per Node Part-1.</i>
<i>RouterVouchers.php</i>	<i>Show Voucher Sales Per Node Part-2.</i>
<i>SearchVoucher.php</i>	<i>Find Customer/Voucher Information Part-1.</i>
<i>SearchVoucher2.php</i>	<i>Find Customer/Voucher Information Part-2.</i>
<i>System.php</i>	<i>Display Initial Menu Screen for Management Portal Dynamically Customised to User Level Access i.e. Limiting Displayed Options.</i>
<i>UpdateCustomers.php</i>	<i>Update Network Owner info eg iZingo Part-1.</i>
<i>UpdateCustomers2.php</i>	<i>Update Network Owner info eg iZingo Part-2.</i>
<i>UpdateNetworkDetails.php</i>	<i>Update Network Details Part-1.</i>
<i>UpdateNetworkDetails2.php</i>	<i>Update Network Details Part-2.</i>
<i>ViewActiveCustomers.php</i>	<i>View Valid Current Non-Expired Customers.</i>
<i>ViewAllCustomers.php</i>	<i>View All Customers Current and Historical.</i>
<i>ViewNetworkDetails.php</i>	<i>View Network Information Part-1.</i>
<i>ViewNetworkDetails2.php</i>	<i>View Network Information Part-2.</i>
<i>ViewNetworkNodes.php</i>	<i>View Each Node Information Part-1.</i>
<i>ViewNetworkNodes2.php</i>	<i>View Each Node Information Part-2.</i>
<i>ViewNetworkNodes3.php</i>	<i>View Each Node Information Part-3.</i>
<i>ViewNetworkSessions.php</i>	<i>View each Customer Session Part-1.</i>
<i>ViewNetworkSessions2.php</i>	<i>View each Customer Session Part-2.</i>

<i>ViewNetworkSessions3.php</i>	<i>View each Customer Session Part-3.</i>
<i>ViewAllSessions.php</i>	<i>View all Sessions across all Networks.</i>
<i>ViewPackages.php</i>	<i>View Logon Package Information eg Duration, Speed etc. Part-1.</i>
<i>ViewPackages2.php</i>	<i>View Logon Package Information eg Duration, Speed etc. Part-2.</i>
<i>ViewPackages3.php</i>	<i>View Logon Package Information eg Duration, Speed etc. Part-3.</i>
<i>ViewVouchers.php</i>	<i>View Vouchers Created Part-1.</i>
<i>ViewVouchers2.php</i>	<i>View Vouchers Created Part-2.</i>
<i>VoucherSales.php</i>	<i>View Voucher Sales Part-1.</i>
<i>VoucherSales2.php</i>	<i>View Voucher Sales Part-2.</i>
<i>VoucherSales3.php</i>	<i>View Voucher Sales Part-3.</i>
<i>Generate_Vouchers.php</i>	<i>Generate New Vouchers.</i>

5. Background Tasks iZingo/Hotspot Amsterdam

<i>File Name</i>	<i>Function</i>
<i>Process_Up_Down_Stats.sh</i>	<i>Daily Task to Process Online Performance Stats. Including Archiving at end of Month.</i>
<i>checkTunnels.sh</i>	<i>Task Running every 2 Minutes to check if Nodes are Online, and available. If not then depending on entry in the alert table sending alerts or not via email or SMS or both.</i>
<i>session_maintenance.sh</i>	<i>Task Running every Minute to Process Session information for New Sessions.</i>

user_maintenance.sh

Task Running every 5 Minutes to revoke expired users etc.

archive.sh

Task Running every day to archive connection information to ensure the login/ splash page appears without delay.

Schedule 3

Part 1

Continuing Contracts

Customer Contracts

	Site Owner/Customer Contract
1	S. Barklamb, C. Harper
2	S. Barklamb, C. Harper
3	S. Barklamb, C. Harper
4	S. Barklamb, C. Harper
5	F. Bijdendijk
6	C. Horstra
7	3 Sisters Leidseplein, R Negen
8	T. Hoopman
9	Canal Company BV
10	Voco Int
11	P. Zuidema
12	H. Verdonk
13	Steve
14	G. Bos
15	G. Teters
16	G. Teters

	Site Owner/Customer Contract
17	M. Affourtit
18	Rumbo BV
19	K. Barklamb
20	
21	H. Kerkhof
22	L. Goudswaard
23	B. van Dongen
24	P. Tersteeg
25	S. Behrens
26	E. Huygen
27	K. Breur
28	C. Harper
29	Florian
30	Restaurant Rakang (Alex)
31	Felix Meritas - UNDER CONSTRUCTION up in 6 month
32	Damrak
33	Kloostermann
34	Cor Altink

Schedule 3

Part 2

Continuing Contracts

Interim Contracts

Supplier Contract	Monthly Cost	Purpose	Other
1.) 2CO		Electronic Paymnet	5.5% and \$0.45 fixed per transaction; http://www.2checkout.com/rates.htm
2.) UNET	€ 180	Broadband Contract	for 6 sites
3.) PayPal		Electronic Paymnet	2.9% per transaction plus \$0.31 fixed per transaction; http://www.paypal.com/cgi-bin/webscr?cmd=_display-fees-outside ; https://www.paypal.com/cgi-bin/webscr?cmd=_display-receiving-fees-outside&co
4.) 4uhosting	€ 5.09	Hosting	
5.) American Express		Electronic Paymnet	4% per transation
6.) PaySquare		Electronic Paymnet	Master: 3.1% per transaction and VISA 3.1% per transaction
7.) Hopling Technologies		Maintenance	7% of purchase price every year €0.62 per transaction
8.) ABN Amro iDeal	€ 25.00	Electronic Paymnet	http://www.abnamro.nl/nl/zakelijk/tarieven/betalen/trf_z_tarieven_afrekenen_ €0.25 per transaction
9.) ABN Amro InternetKassa	€ 75.00	Electronic Paymnet	http://www.abnamro.nl/nl/zakelijk/tarieven/betalen/trf_z_tarieven_afrekenen_

Schedule 4

Management Accounts

Hotspot Holland B.V.
Amsterdam

Balans per 30 juni 2006

(na resultaatbestemming)		30.06.2006	31.12.2005
		€	€
Actief			
Vaste activa			
Materiële vaste activa	1]	28.942	33.688
Vlottende activa			
Voorraden	2]	2.756	2.106
Vorderingen en overlopende activa	3]	1.973	8.265
Liquide middelen	4]	8.296	10.739
		<u>13.025</u>	<u>21.110</u>
		<u>41.967</u>	<u>54.798</u>
Passief			
Eigen vermogen			
Geplaatst kapitaal	5]	18.000	18.000
Geaccumuleerd verlies	6]	(18.911)	(5.978)
		(911)	12.022
Kortlopende schulden			
	7]	<u>42.878</u>	<u>42.776</u>
		<u>41.967</u>	<u>54.798</u>

*] verwijst naar de overeenkomstige nummering in de toelichting.

Hotspot Holland B.V.
Amsterdam

Winst-en-verliesrekening over 01.01.2006 - 30.06.2006

	01.01.2006 - 30.06.2006	2005
	€	€
Brutobedrijfsresultaat ^{8]}	4.437	12.330
Afschrijvingen op vaste activa ^{9]}	4.746	6.119
Overige bedrijfskosten ^{10]}	12.561	12.105
Som der kosten	<u>17.307</u>	<u>18.224</u>
Bedrijfsresultaat	(12.870)	(5.894)
Financiële baten en lasten ^{11]}	(63)	(84)
Resultaat uit gewone bedrijfsuitoefening voor belastingen	(12.933)	(5.978)
Belasting resultaat gewone bedrijfsuitoefening	0	0
Resultaat na belastingen	<u>(12.933)</u>	<u>(5.978)</u>

*] verwijst naar de overeenkomstige nummering in de toelichting.

Schedule 5

Part A

Warranties

1 CAPACITY OF SELLER

The Seller has all requisite power and authority, and has taken all necessary corporate action, to enable it to enter into and perform this agreement and all agreements and documents entered into, or to be entered into, pursuant to the terms of this Agreement

2 TITLE

2.1 Without prejudice and in addition to the other warranties, representations and undertakings in this Schedule 5, the Assets are the absolute property of the Seller free from any factoring arrangement, conditional sale (including any acquisition on terms that the property in any Asset does not pass until full payment is made or that property in it does not pass on delivery), option (whether to acquire or sell), right of pre-emption, credit sale agreement, lease, hire, hire-purchase agreement, agreement for payment on deferred terms, assignment, bill of sale, lien, mortgage, charge, hypothecation or any similar agreement or arrangement or encumbrance of any kind and are in the possession or under the control of the Seller and none of the Assets is in the ownership or possession of any other person.

2.2 Since 1 January 2006 no asset of the Seller used or enjoyed by the Seller in connection with the Business has been disposed of nor will any of the Assets pending Completion be disposed of except in the normal course of carrying on the Business and no such agreement or arrangement or encumbrance as is mentioned in paragraph 1.1 above will pending Completion be created or agreed to be created or permitted to arise in respect of any of the Assets.

3 EQUIPMENT

3.1 The Equipment is in good working order, condition and repair and has been maintained and serviced in accordance with the needs of the Business and is adequate for and not surplus to the requirements of the Business.

3.2 None of the Equipment is dangerous, inefficient, out-of-date, unsuitable or in need of renewal or replacement or expected to require any replacement or addition at a cost in excess of €250 within a period of 12 months following Completion.

4 STOCK

4.1 The Stock is in good condition and capable of being sold in the ordinary course of the Business in accordance with the Seller's current price list without rebate or allowance to a buyer.

4.2 None of the Stock is held on consignment or is otherwise subject to the rights or claims of suppliers or other third parties.

5 INTELLECTUAL PROPERTY RIGHTS

- 5.1 To the best of Seller's knowledge, none of the activities, processes or products of the Business infringe any right in confidential information or other Intellectual Property Rights held or alleged by any third party nor are they carried out, manufactured or supplied under licence from any person nor do they require a licence other than those licences in favour of the Seller specified in part 2 of Schedule 2. Such licences are in force and all obligations of the Seller in respect of any such licences have been fulfilled.
- 5.2 To the best of Seller's knowledge, the Seller has paid all registration or renewal fees in respect of the Intellectual Property Rights and the Seller has not done or omitted to do anything whereby any such Intellectual Property Rights may be revoked or invalidated.
- 5.3 Except as specified in part 2 of Schedule 2 the Seller has not granted any licence or registered user agreement in respect of any of the Intellectual Property Rights or entered into any agreement which restricts the disclosure or use by the Seller of any Intellectual Property Rights.
- 5.4 In the case of any trade marks comprised within the Intellectual Property Rights they are not, as far as Seller is aware, associated with any other trade marks.
- 5.5 To the best of Seller's knowledge, the Intellectual Property Rights belong exclusively to the Seller and (where the same is registrable) is registered in the name of the Seller as sole proprietor and there has been no improper or unauthorised disclosure of any confidential information comprised within the Intellectual Property Rights.
- 5.6 The Seller does not use in or in connection with the Business any trade name other than "iZingo ", Hotspot Amsterdam or its corporate name.
- 5.7 The copies of the patent licences and registered user agreements supplied by the Seller to the Buyer and annexed to the Disclosure Letter, are true and complete copies of the whole agreement relating to their subject matter.
- 5.8 All Internet domain names and domain name registrations used by the Seller in connection with the Business are set out in the Disclosure Letter and so far as the Seller is aware
- 5.8.1 all such registrations are valid; and
- 5.8.2 no person in any jurisdiction (other than the Seller) has registered as an Internet domain name the name of the Seller or any of the principal trademarks used by the Seller in connection with the Business.
- 5.9 Seller warrants that the Customer Database is covered by the exemption decree under the Dutch Data Protection Act (*Vrijstellingsbesluit WBP*) and therefore no notification with the Dutch Data Protection Authority was filed.
- 5.10 As far as Seller is aware, Seller does not use any Third Party Software Licences.

6 CONTRACTS

- 6.1 To the best of Seller's knowledge, complete and accurate details or copies of all contracts and arrangements relating to the Business (including the Continuing Contracts) have been disclosed to the Buyer (including without limitation all agency and distribution agreements, partnerships, profit sharing and joint venture agreements and arrangements). There are no

agreements or arrangements to which the Seller is or has within the previous twelve (12) months been a party which have not been disclosed to the Buyer and which are or are likely to be material to the carrying on of the Business by the Buyer after Completion.

- 6.2 To the best of Seller's knowledge, none of the Continuing Contracts is or may become terminable in whole or part as a result of the entry into or completion of this Agreement nor will the completion of this Agreement give any third party the right to exercise any pre-emption or option.
- 6.3 To the best of Seller's knowledge, the Seller is not in default under and has not committed any material breach of any of the terms of any agreement, instrument or arrangement in connection with the Business to which the Seller is a party, and no threat or claim of any such default or breach has been made and is outstanding against the Seller; and the Seller has not done anything whereby any such agreement, instrument or arrangement is liable to be prematurely terminated or rescinded by any other party or whereby its terms are liable to be altered without the consent of the Seller to the detriment of the Business.
- 6.4 To the best of Seller's knowledge, no party (other than the Seller) to any such agreement, instrument or arrangement as is mentioned in paragraph 6.3 is in default under it and there are no circumstances likely to give rise to such a default.
- 6.5 The Seller is not a party to any agreement or arrangement in connection with the Business:
 - 6.5.1 for a fixed term of more than 12 months or which will be incapable of termination in accordance with its terms by the Buyer on 90 days' notice or less without payment of compensation;
 - 6.5.2 with a company which is an associate of the Seller;
 - 6.5.3 otherwise than by way of bargain at arm's length;
 - 6.5.4 in which a director of the Seller or of an associate of the Seller or any associate of such director is interested directly or indirectly, nor has there been any such agreement or arrangement during the past 2 years;
 - 6.5.5 which would be likely to result in a loss on completion of performance if the Seller were not to sell the Business;
 - 6.5.6 which is likely to be incapable of due performance and satisfaction without undue or unusual cost or difficulty;
 - 6.5.7 which will involve payment by the Buyer by reference to fluctuations in any index or the rate of exchange for any currency;
 - 6.5.8 which involves the supply of goods or services the aggregate sales value of which will represent in excess of 10 per cent of the budgeted or anticipated turnover of the Business during the period of 12 months after Completion.
- 6.6 The Seller is not a party to any agreement or arrangement in connection with the Business which infringes any relevant provisions of law.
- 6.7 The Seller is not aware of any reason why the other contracting party to any Continuing Contract should not consent to an assignment of it to or novation of it with the Buyer.

7 CONDUCT OF BUSINESS

7.1 Since 1 January 2006:

- 7.1.1 the Business has been carried on by the Seller in the normal and usual course, without any interruption or alteration in its nature, scope or manner and so as to maintain it as a going concern;
 - 7.1.2 the Seller has not been involved in any transaction which did not form part of the usual course of the Business;
 - 7.1.3 there has been no deferment or delay in material capital expenditure already planned;
 - 7.1.4 no unusual, long term or onerous commitments have been entered into in connection with the Business; and
 - 7.1.5 no contract, liability or commitment has been entered into by the Seller in relation to the Business which involved or could involve expenditure of more than €1,000.
 - 7.1.6 there has been no adverse material change (nor is any such adverse material change expected) in the turnover or profit margins or prospects of the Business or in its assets or liabilities in the last 2 years.
 - 7.1.7 the Seller has not received and is not aware of any significant complaint or significant cause for complaint concerning the quality of goods or services supplied by the Business; and
 - 7.1.8 no customer of the Business has ceased or threatened to cease purchasing any goods or services supplied by the Business nor has any complaint been made by the Seller to any supplier of the Business nor are there any disputes with suppliers in relation to the provision of goods and services to the Business.
- 7.2 There are no assets used in connection with the Business other than those listed in schedules 1 to 4 inclusive.
- 7.3 All current customers of the Business promptly pay all sums due to the Business.
- 7.4 None of the current customers of the Business has attempted to or indicated a desire to negotiate a reduction in the sums payable to the Business under any contract or arrangement or any material alteration of any other terms.
- 7.5 The Seller has no grounds to believe or suspect that any client, customer or supplier of the Business will refuse to deal with the Buyer in connection with the Business to the same extent and on the same terms (which have been disclosed to the Buyer) as up to the date of this Agreement.
- 7.6 To the best of Seller's knowledge, no circumstance has arisen or is likely to arise in relation to any Asset held under a lease or similar agreement whereby the rental payable has been or is likely to be increased.
- 7.7 To the best of Seller's knowledge, in relation to any of the Assets held under any hire purchase, conditional sale, chattel leasing or retention of title agreement or otherwise belonging to a third party no event has occurred which entitles or which upon intervention or

notice by a third party may entitle the third party to repossess the Asset concerned or terminate the agreement or any licence in respect of the Asset.

- 7.8 To the best of Seller's knowledge, the Seller and all of its directors, officers, agents and employees have fully complied with all legislation (including statutory instruments, bye-laws, local and central government orders, notices and decisions) of The Netherlands and any relevant foreign jurisdiction applicable to the Assets and the conduct of the Business. All agreements, obligations, restrictions, covenants and conditions in relation to the Assets and the Business have been observed and performed.
- 7.9 The Assets comprise all the assets required to carry on the Business fully and effectively.
- 7.10 With the exception of Ben van Dongen's interests in PicoPoint B.V. and WJ Invest B.V. neither the Seller nor the Founders nor any person connected with any of them has any interest, directly or indirectly, in any business other than the Business which is or is likely to be or to become competitive with the Business.
- 7.11 The Seller holds all statutory and other licences, consents, permits and authorisations necessary or desirable for the effective carrying on of the Business and is not in breach of any of their terms. Copies of such licences, consents, permits and authorisations are attached to the Disclosure Letter and the Seller knows of no reason why they should not be capable of being transferred to or obtained by the Buyer without the necessity for any special arrangement or expense.

8 DEFECTIVE SERVICES

- 8.1 The Seller has not in the course of the Business provided any services which were in any material respect defective or which did not comply with any warranties or representations made by the Seller and with all applicable regulations.
- 8.2 All Equipment at customers' sites, or at such other addresses specified in the relevant Continuing Contract, has been professionally installed and secured and is operating in accordance with the requirements under the relevant Continuing Contract.
- 8.3 The Seller is providing a high speed internet access service in each of the areas indicated on the map appearing in Schedule 10. The availability of such service shall be 97% at minimum, based on 24 hours a day, 7 days a week service provision. Availability shall be aggregated per week by dividing the hours of full availability of the service and the aggregate service hours in the relevant week (7 * 24). For the purposes of this clause 'full availability' means the aggregate service hours minus the time the service is not available to one or more customers in the area referred above or does not meet the applicable speed or reliability standards for other reasons than planned maintenance or circumstances attributable to Buyer.

9 LITIGATION

- 9.1 The Seller is not involved whether as plaintiff or defendant or otherwise in any civil, criminal or arbitration proceedings or legal action (apart from debt collecting in the ordinary course of business) or in any proceedings before any tribunal in connection with the Business or the Assets and no such proceedings are threatened or pending.
- 9.2 No governmental or official investigation or inquiry concerning the Business or the Seller is current or pending.

- 9.3 No circumstances are known to the Seller which are likely to result in any such proceedings, legal action, investigation or inquiry.
- 9.4 In particular, but without prejudice to the generality of the preceding paragraphs, there are no complaints or disputes between the Seller and its customers, suppliers or employees in relation to defective goods, work or any loss, damage or personal injuries resulting from them and there have been no such disputes within the period of three (3) years prior to the date of this Agreement.
- 9.5 There is no unsatisfied judgment, order, decree or decision of any Court or any governmental agency outstanding against the Seller, nor any current Court or similar undertaking by the Seller, which may have an adverse affect upon the Business or the Assets, and no order has been made or petition presented or resolution passed or meeting convened for its winding up, nor has any administration order been made in relation to the Seller or petition presented for such an order, nor has any receiver (including an administrative receiver) been appointed or distress, execution or process levied on any part of the Business or the Assets nor have any of the same been applied for.

10 EMPLOYMENT

- 10.1 To the best of Seller's knowledge, no remuneration or other sum of any kind is due from the Seller to any employee of the Business.
- 10.2 To the best of Seller's knowledge, the Seller has not within a period of one (1) year immediately preceding the date of this Agreement dismissed any employee by reason of redundancy.
- 10.3 No persons are employed in the Business at the Effective Date and at Completion and during the period between such times and there are no other persons absent from work on maternity leave or for any other reason who have a statutory or contractual right to return to work in the Business.
- 10.4 To the best of Seller's knowledge, there is no dispute pending or threatened with respect to any (former) employee. During the past 2 (two) years there have been no disputes between any the Seller and its (former) employees.
- 10.5 To the best of Seller's knowledge, there are no amounts owing or agreed to be loaned or advanced by the Seller to any (former) employee.
- 10.6 To the best of Seller's knowledge, any retirement benefit arrangements have in all material respects correctly been administered and insured in compliance with their terms and with all laws, regulations and government taxation or funding requirements as applicable from time to time.
- 10.7 To the best of Seller's knowledge, in relation to any former employees, there are not in respect of any retirement benefit arrangements any claims or actions, including without limitation any complaints made under any internal disputes procedure maintained in respect of the pension plans and any references made to the pension and insurance supervisory authority, in progress, pending, threatened or anticipated.

11 ACCOUNTS

11.1 To the best of Seller's knowledge, the Management Accounts:

11.1.1 have been prepared on a basis consistent with previous accounts of the Seller and in accordance with Dutch generally accepted accountancy principles, standards and practices, and provide such a view as enables a sound judgement to be formed on the assets and liabilities (vermogen) and results (resultaat) of the Seller and the Business, and insofar as the nature of the Management Accounts permits, of their solvency and liquidity.

11.1.2 truly and fairly (getrouw), clearly (duidelijk) and systematically (stelselmatig) reflect:

- (a) the net assets (vermogen) and composition of the assets and liabilities of the Seller and the Business for the financial period ending 30 April 2006; and
- (b) the results of the Seller and the Business for the financial period ending 30 April 2006.

11.1.3 are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the Seller;

11.1.4 make adequate provision for all bad and doubtful debts and for depreciation of the fixed assets of the Business having regard to their original cost and estimated life;

11.1.5 make full provision or reserve for all actual liabilities and contain proper provision or reserve for or notes of all contingent liabilities or capital or burdensome commitments;

and no notice that any of the above is incorrect has been received by the Seller or the Founders.

11.2 To the best of Seller's knowledge, all reserves, accruals and provisions in the Management Accounts are adequate and sufficient.

11.3 To the best of Seller's knowledge, the profits of the Seller and of the Business for the period from incorporation of the Seller to 30 April 2006 as shown by the Seller's management accounts and the trend of profits shown by such accounts had not (except as disclosed in such accounts) to a material extent been affected by any unusual or non-recurring income or expenditure or by any change in the basis of accounting or by transactions entered into otherwise than on normal commercial terms or by any other factor rendering such profits of all or any of such years exceptionally high or low.

11.4 To the best of Seller's knowledge, all the accounts (including management accounts), books, ledgers and records of any nature of the Seller in connection with the Business have been fully and properly maintained so that they accurately present and reflect in accordance with generally accepted accountancy principles, standards and practices all transactions entered into by the Seller in connection with the Business or to which the Seller has been a party in connection with the Business and the financial, contractual and trading position of the Business and its plant and machinery and tools and fixtures and fittings, fixed and current assets and liabilities (actual and contingent), debtors and creditors and stock-in-trade and work-in-progress. No notice or allegation that any of the same is incorrect or should be rectified has been received.

- 11.5 To the best of Seller's knowledge, the revenue spreadsheets (a copy of which is set out in Schedule 4) show with a reasonable degree of accuracy the revenue received by the Seller in the period since 30 April 2006 and are not misleading.

12 TAXATION

General and Compliance matters

- 12.1 The Tax Authorities have not agreed to operate any special arrangement (being an arrangement which is not based on a strict and detailed application of the relevant legislation whether provided for in the legislation or operated by way of extra-statutory concession or otherwise) in relation to the Business.

Customs & Excise duties

- 12.2 To the best of Seller's knowledge, the Seller has paid all amounts due to the Tax Authorities in connection with the import of goods.

VAT

- 12.3 The Seller is a registered and taxable person in relation to the Business for the purposes of all applicable VAT legislation and has complied with and observed all regulations made or notices issued thereunder.

VAT compliance

- 12.4 To the best of Seller's knowledge, the Seller is not in arrears with any payment or return or notification under the applicable VAT legislation or any regulation made or notice issued thereunder or liable to any abnormal or non-routine payment or any forfeiture or penalty or interest or surcharge provisions contained therein.

Input Tax

- 12.5 To the best of Seller's knowledge, in the last 12 months the Seller has not made any exempt supplies in relation to the Business such or of such amount that it is unable to obtain full credit for input tax paid or suffered by it.

13 GENERAL

- 13.1 All information contained in this Agreement and the Disclosure Letter and in the documents respectively referred to in those documents and all other information concerning the Seller, the Business and the Assets supplied in the course of the negotiations leading to this Agreement to the Buyer or to its solicitors, accountants or other professional advisers by any director, officer or employee of the Seller or by any solicitor, accountant or other professional adviser of any such persons, was when given true, complete and accurate in all material respects and there is no fact or matter which has not been disclosed in writing which renders any such information or documents untrue, inaccurate or misleading at the date of this Agreement or which if disclosed might reasonably be expected to influence adversely the Buyer's decision or willingness to purchase the Assets on the terms of this Agreement.
- 13.2 The Warranties set out in this Paragraph A Schedule 5 will be true and accurate and not misleading at Completion as if any express or implied reference in this Schedule to the date of this Agreement was a reference to the date of Completion.

14 VALIDITY AND ENFORCEABILITY OF THE AGREEMENT

- 14.1 The Seller and the Founders have full power to enter into and perform this Agreement and this Agreement constitutes legally valid and binding obligations on the Seller and each of the Founders enforceable against them in accordance with its terms.
- 14.2 The execution and delivery of, and the performance by the Seller and the Founders of their respective obligations under this Agreement are or (as the case may be) will be in accordance with the applicable legislation and will not result in a breach of:
 - 14.2.1 any provision of the memorandum or articles of association of the Seller; or
 - 14.2.2 any mortgage or agreement or any order, judgement or decree of any Court or governmental agency to which the Seller or any of the Founders are a party or by which the Seller or any Founders are bound.

Schedule 5B
Limitation of Seller's Liability

1 General

- 1.1 The provisions of part B to this Schedule 5 shall operate to limit the liability of the Seller under the Warranties save in respect of those warranties provided pursuant to clauses 7.4, 7.8, 13.1, 13.2, 17.6 and 17.7 of this Agreement.
- 1.2 References in this Schedule to a "Claim" include any claim for breach of Warranty under this Agreement.

2 Time limits

The Seller shall not be liable for any Claim unless the Seller receives from the Buyer written notice containing full details of the Claim including so far as is practicable the Buyer's estimate of the amount of such Claim:

- 2.1.1 on or before the second anniversary of Completion in the case of a Claim for breach of any of the Warranties other than the Warranties relating to Taxation;
- 2.1.2 on or before the sixth anniversary of the end of the accounting period in which Completion takes place in the case of a Claim for breach of the Warranties relating to Taxation.

3 Commencement of proceedings

Any Claim shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn unless legal proceedings in respect of it have been commenced by both being issued and validly served by the Seller within 6 months of the relevant date set out in paragraph 2.1.1 or 2.1.2.

4 Maximum liability

The aggregate amount of the liability of the Seller for all Claims (including costs, expenses and interest) shall not exceed €300,000, or the aggregate value of the Consideration Shares (based on the value of €5.58 per share), whichever amount is lower.

5 Thresholds

The Seller shall not be liable for any Claim unless the aggregate amount of the liability of the Seller for all Claims exceeds €5,000 after taking into account all amounts available for set-off or deduction pursuant to the provisions of this schedule, in which event the Buyer shall be entitled to claim the whole amount of such Claims and not merely the excess.

6 Voluntary acts and omissions

The Buyer shall not be entitled to make any Claim if such Claim arises from an act, omission or transaction of the Seller occurring before Completion at the request or with the express written consent of, the Buyer or its directors, employees or agents.

7 Duty to mitigate

Nothing in this Agreement shall restrict or limit the common law obligation of the Buyer to mitigate any loss or damage incurred by it in consequence of any breach by the Seller of this Agreement or any matter giving rise to a Claim against the Seller.

Articles of Association

The Cloud Networks Limited

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Articles of association of The Cloud Networks Limited

Registered company number: 5141256

Adopted by a special resolution on 2006

1. DEFINITIONS

1.1 In these articles the following words and phrases have the meanings set out opposite them below:

3i	3i Group plc
3i Global Technology	3i Global Technology 2004-06 LP a limited partnership registered under the Limited Partnerships Act 1907 with number LP9321
3i European Technology	3i European Technology 2004-06 LP a limited partnership registered under the Limited Partnerships Act 1907 with number LP with number LP9317
A1 Ordinary Shares	the A1 Ordinary Shares of 0.025p each in the capital of the Company which may arise on the conversion of A Ordinary Shares pursuant to article 17.5
A1 Preferred Shares	the A1 Preferred Shares of 0.025p each in the capital of the Company which may arise on the conversion of A Preferred Shares pursuant to article 17.5
Accel Europe	Accel Europe L.P. of 16 St James's Street, London SW1A 1ER
Accel Europe 2004	Accel Europe Investors 2004 L.P. of 16 St James's Street, London SW1A 1ER
Act	the Companies Act 1985 and every statutory modification or re-enactment of it for the time being in force
Additional Shares	shares in the Company's equity share capital (as that term is defined in the Act) but excluding: (a) any shares issued under a Share Option

Scheme;

- (b) any shares which the Company is required to issue by reason of a right specifically attached to shares under these articles;
- (c) any shares issued by the Company which are for purposes other than the raising of capital for the Company as reasonably determined by the Board;
- (d) any shares issued by the Company on an IPO;
- (e) any shares issued to Geoff Unwin;
- (f) any B Ordinary Shares to be issued to employees of the Group;
- (g) any issue of C Ordinary Shares pursuant to a bona fide acquisition by the Company and/or any of its subsidiaries of the shares, business and/or assets of a company and/or other legal entity

A Ordinary Shares

the A Ordinary Shares of 0.025p each in the capital of the Company

A Preferred Shares

the A Preferred Shares of 0.025p each in the capital of the Company

A Shares

the A Ordinary Shares and the A Preferred Shares

Associated Company

means a company which is the Company's subsidiary or the Company's holding company or a subsidiary of the Company's holding company

Bad Leaver

an Employee Member who ceases to be a director or employee of the Company or any of its subsidiaries and does not continue as either a director or employee in relation to any of them where such cessation occurs in circumstances where the Employee Member is (in the reasonable opinion of the Board) guilty of any fraud, gross misconduct or gross negligence. For the avoidance of doubt, if an Employee Member disputes the Board's decision and appeals to an employment tribunal or applicable court then the tribunal or applicable court shall determine the circumstances of dismissal (rather than the reasonableness of the Board)

Board	the board of directors of the Company from time to time		being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor. For purposes of this definition "settlor" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased Member
B Ordinary Shares	the B Ordinary Shares of 0.025p each in the capital of the Company		
Connected Persons	as defined by section 839 Income and Corporation Taxes Act 1988	Group	the Company, its subsidiaries, any holding company of the Company and any subsidiary of any such holding company from time to time and "Group Company" shall be construed accordingly
Controlling Interest	an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company	Hurdle	the sum of £19,000,000 determined as the Hurdle in accordance with the provisions of Article 16.4
C Ordinary Shareholder	a holder of C Ordinary Shares	IBN	Inspired Broadcast Networks Limited (company number 3913734)
C Ordinary Shares	the C Ordinary Shares of 0.025p each in the capital of the Company	Independent Expert	an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales
Deferred Shares	shall have the meaning given in paragraph 18.7	Investor	any holder of A Preferred Shares from time to time
Departing Employee Member	an Employee Member who ceases to be a director or employee of the Company or any other Group Company and does not continue as, or thereupon become a director or employee of the Company or any other Group Company	Investor Group	an Investor, and all persons to whom that Investor is entitled to transfer shares in accordance with articles 11.5 and 11.6
Employee Member	a person who is a Member and is or has been a director and/or an employee of any Group Company	Investor Majority	the holders of 66.6% or more of the A Preferred Shares
Equity Shares	the A Preferred Shares, the A Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares and the Ordinary Shares	IPO	the becoming effective of a listing of any share capital of any Group Company on the Official List of London Stock Exchange plc, AIM or the granting of permission for any of the share capital of the Group Company to be dealt in on any recognised investment exchange (as defined by section 285 Financial Services and Markets Act 2000) including NASDAQ and NASDAQ Europe
Family Trust	a trust which only permits the settled property or the income from the settled property to be applied for the benefit of: (a) the settlor and/or a Privileged Relation of that settlor; or (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities) and under which no power of control is capable of	Market Capitalisation	the market capitalisation of the Company based upon the issue price per share as determined by the Company's advisors immediately before an IPO but excluding the value of any new shares to be issued on such IPO

Member	a holder of shares in the Company	Relevant Shares	in relation to an Employee Member means all Ordinary Shares and B Ordinary Shares in the Company held by:
Ordinary Shareholder Majority	the holders of 66.6% or more of the Ordinary Shares, A Ordinary Shares and B Ordinary Shares (as if they were the same class) but excluding any Ordinary Shares held by the Investor Group		(a) the Employee Member in question; and
Ordinary Shares	the Ordinary Shares of 0.025p each in the capital of the Company		(b) by any persons who acquired the shares while they were the Employee Member's Privileged Relations and Family Trusts other than those shares held by those persons that the Board reasonably determines were not acquired directly or indirectly from the Employee Member or by reason of their relationship with the Employee Member
Original Subscription Price	£1.3382 per A Share		provided that in the case of George Polk where he is not a Bad Leaver, Relevant Shares shall exclude any shares to be issued or issued to him pursuant to a Share Option Scheme
Privileged Relations	the spouse or widow or widower of a Member and all lineal descendants and ascendants in direct line of such Member, and for the purposes aforesaid, a stepchild or adopted child or illegitimate child of any person shall be deemed to be his lineal descendant	Restricted Member	(a) an Employee Member who ceases to be a director or employee of a Group Company and does not continue as or thereupon become a director or employee of any other Group Company; and
Qualifying IPO	a fully underwritten IPO with gross proceeds of £25 million or more and a price per share of more than 4 times the Original Subscription Price		(b) all Members who acquired their shares while they were such Employee Member's Privileged Relations and/or trustees holding shares in the Company on behalf of the Employee Member's Family Trusts (other than in respect of shares which the Board reasonably determines were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member)
Realisation Price	the value of each Ordinary Share in issue immediately prior to the IPO, determined by reference to the price per share at which Ordinary Shares in the Company are to be offered for sale, placed or otherwise marketed pursuant to the IPO	Restricted Party	means such party as determined by a unanimous decision of the Board (including, for the avoidance of doubt, the IBN Appointees (if any)) in its absolute discretion
Relevant Securities	all shares, rights to subscribe for shares or to receive them for no consideration and all securities convertible into shares, but excluding:	Sale	the sale of more than 50% of the issued Equity Shares to a single purchaser (or to one or more purchasers as part of a single transaction)
	(a) the grant of options to subscribe for Ordinary Shares under a Share Option Scheme (and the issue of the shares upon exercise of such options); or	Sale Shares	the shares specified or deemed to be specified for sale in a Transfer Notice or Deemed Transfer Notice
	(b) any shares which the Company is required to issue by reason of a right specifically attached to shares under these articles; or		
	(c) the issue of B Ordinary Shares to any employee of the Group; or		
	(d) the issue of C Ordinary Shares pursuant to a bona fide acquisition by the Company and/or any of its subsidiaries of the shares, business and/or assets of a company and/or other legal entity		

Seller	the transferor of shares pursuant to a Transfer Notice
Share Option Scheme	any share option scheme of the Company which an Investor Majority identifies in writing as being a Share Option Scheme for the purposes of these articles
Subscription Price	in respect of any share the amount paid up or credited as paid up thereon (including the full amount of any premium at which such share was issued)
Subsequent Subscription Price	in respect of any Additional Share, the price paid for such Additional Share on issue by the subscriber (being a price greater than the Original Subscription Price)
Table A	Table A in the Companies (Tables A – F) Regulations 1985 as amended by the Companies (Tables A – F) (Amendments) Regulations 1985 and the Companies Act 1985 (Electronic Communications) Order 2000
Termination Date	(a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires; (b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination takes effect; (c) where an Employee Member dies, the date of his death; (d) where the Employee Member concerned is a director but not an employee, the date on which his appointment with the Company or any other Group Company is terminated; and (e) in any other case, the date on which the contract of employment is terminated
Transfer Notice	a notice in writing given by any Member to the Company where such Member desires or is required by these articles to transfer any shares and where such notice is deemed to have been served it shall be referred to as a "Deemed Transfer Notice"
Vesting Commencement Date	(a) in respect of George Polk 18 June 2004; and (b) in respect of Geoff Unwin, the date that he first became a director of the Company

- 1.2 Where a share is expressed to have certain rights on an "as converted basis" then for the purpose of determining these rights the share in question will be deemed to have been converted into an Ordinary Share and to have received any bonus issue consequent on such conversion to which it would be entitled under article 16.
- 1.3 Whether or not persons are "acting in concert" will be determined by the then most recent edition of the City Code on Takeovers and Mergers, but Investors will not be considered to be acting in concert merely by reason of cooperating in a syndicate in the ordinary course of their businesses.
2. **APPLICATION OF TABLE A**
- 2.1 The regulations contained in or incorporated in Table A shall apply to the Company except save insofar as they are excluded or varied by these articles or are inconsistent with these articles and such regulations (except as so excluded varied or inconsistent) and these articles shall be the regulations of the Company.
- 2.2 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.
3. **SHARE CAPITAL**
- The authorised share capital of the Company at the date of adoption of these articles is £9,855 divided into:
- 15,000,000 A Preferred Shares;
- 3,420,000 A Ordinary Shares;
- 1,000,000 B Ordinary Shares;
- 10,000,000 C Ordinary Shares; and
- 10,000,000 Ordinary Shares.
4. **DIVIDENDS**
- 4.1 The profits of the Company available for distribution shall be used to pay to the holders of the A Preferred Shares a dividend (the "Preferred Dividend") as follows:
- | | |
|-----------------------|---|
| Amount: | a sum equal to 8% of the respective subscription prices paid per A Preferred Share per annum; |
| Accrual date: | accruing from the date of subscription; |
| Payment dates: | on the date of a Sale or IPO or if earlier, on 30 June 2009 and annually thereafter on 30 June each year. |
- 4.2 Any remaining profits which the Company may determine to distribute shall, if an Investor Majority agrees in writing, be distributed amongst the holders of the Ordinary Shares, the A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and A Preferred Shares (pari passu as if the same were one class of share).

4.3 Every dividend shall be distributed to the appropriate shareholders pro rata according to the numbers of shares held by them respectively on an as converted basis and shall accrue on a daily basis. All dividends are expressed net and shall be paid in cash. The Preferred Dividend is cumulative.

4.4 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act, the Preferred Dividend shall be paid immediately on the due payment date. Such payment shall be made notwithstanding regulations 102 to 108 inclusive contained in Table A or any other provision of these articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting. If they are not paid on the due date they shall be a debt due by the Company and shall be payable in priority to any other dividend. All accrued but unpaid dividends shall be paid immediately prior to an IPO or Sale. On an IPO, if the Company has insufficient profits available for distribution, the Company shall, by way of special dividend and in lieu of the accrued Preferred Dividend the Company is prohibited from paying, allot to each holder of shares (in respect of which the Company is thereby prohibited from paying dividends) by way of capitalisation of reserves such number of Ordinary Shares (disregarding any fraction of a share) as shall have an aggregate Realisation Price equal to the unpaid Preferred Dividend. To the extent that any such capitalisation of reserves shall be impossible or unlawful, the holders of A Preferred Shares shall be entitled to subscribe for such Ordinary Shares at nominal value.

4.5 The Company shall procure that each of its subsidiaries which has profits available for distribution shall from time to time, and to the extent that it may lawfully do so, declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of any redemption moneys due on the A Preferred Shares and the Preferred Dividend.

5. LIQUIDATION PREFERENCE

5.1 On a return of assets on liquidation or capital reduction or otherwise (whether pursuant to a sale of all or substantially all of the assets and undertaking of the Company or otherwise), the assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

- (a) if the remaining assets of the Company are an amount less than or equal to the Hurdle, then:
 - (i) first in paying to the holders of the A Preferred Shares their respective subscription prices per A Preferred Share together with a sum equal to any arrears or accruals of the dividends on the A Preferred Shares calculated down to the date of the return of capital and if there is a shortfall the proceeds shall be distributed to the holders of the A Preferred Shares in proportion to the amounts due on each such share held; and
 - (ii) the balance of such assets shall be distributed amongst the holders of the A Preferred Shares, the A Ordinary Shares, the C Ordinary Shares and the Ordinary Shares (pari passu as if the same

constituted one class of share) in proportion to the numbers of shares held by them respectively with the holders of the A Preferred Shares participating on an as converted basis until the holders of the A Preferred Shares have received a sum including the sums paid pursuant to paragraph 5.1(a) above equal to 4 times the subscription price per A Preferred Share after which any remaining assets shall be distributed to the holders of Ordinary Shares, A Ordinary Shares and C Ordinary Shares pro rata based on the number of Ordinary Shares and/or A Ordinary Shares and/or C Ordinary Shares held by each;

- (b) if the remaining assets of the Company are an amount greater than the Hurdle, then:
 - (i) first in paying to the holders of the A Preferred Shares their respective subscription prices per A Preferred Share together with a sum equal to any arrears or accruals of the dividends on the A Preferred Shares calculated down to the date of the return of capital and if there is a shortfall the proceeds shall be distributed to the holders of the A Preferred Shares in proportion to the amounts due on each such share held;
 - (ii) second, an amount which, when aggregated with 5.1(b)(i) above is equal to the Hurdle, shall be distributed amongst the holders of the A Preferred Shares, the A Ordinary Shares, the C Ordinary Shares and the Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the numbers of shares held by them respectively with the holders of the A Preferred Shares participating on an as converted basis; and
 - (iii) third, the balance of such assets shall be distributed amongst the holders of the A Preferred Shares, the A Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares and the Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the numbers of shares held by them respectively with the holders of the A Preferred Shares participating on an as converted basis until the holders of the A Preferred Shares have received a sum including the sums paid pursuant to paragraph 5.1(b)(i) and (ii) above equal to 4 times the subscription price per A Preferred Share after which any remaining assets shall be distributed to the holders of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the numbers of shares held by them respectively.

5.2 Upon a Sale of the Company the Members who sell shares in such Sale will be entitled, to share in the proceeds thereof as if the same had been distributed under the provisions of this article 5.

5.3 Immediately prior to an IPO (and provided that Realisation Price of the A Preferred Shares (assuming their conversion into Ordinary Shares upon an IPO), shall not (including the special dividend referred to herein) exceed 4 times the subscription price per A Preferred Share) the Company shall by way of special dividend, allot to

each holder of A Preferred Shares by way of capitalisation of reserves a maximum of such number of Ordinary Shares (disregarding any fraction of a share) as shall have an aggregate Realisation Price equal to the subscription price of the A Preferred Shares held provided always that such number of Ordinary Shares shall be limited such that when aggregated with the Ordinary Shares already held by an investor, the aggregate Realisation Price shall not exceed four times the subscription price per A Preferred Share. To the extent that any such capitalisation of reserves shall be impossible or unlawful, the holders of A Preferred Shares shall be entitled to subscribe for such Ordinary Shares at nominal value.

5.4 Immediately following a sale of all or substantially all of the assets and undertaking of the Company and provided 66.6% of the Preferred Shares are in favour, all shareholders shall take such steps and vote their shares in favour of an orderly winding up of the Company.

6. REDEMPTION OF THE A PREFERRED SHARES

6.1 Subject to the provisions of the Act any holder of A Preferred Shares may, with the consent of an Investor Majority serve notice on the Company ("a Redemption Notice") requiring that its entire holding of A Preferred Shares be redeemed in full on or after 30 April 2009 and any shares not redeemed upon the due date shall be redeemed forthwith upon redemption becoming permissible under the Act.

6.2 The Company shall pay on each of the A Preferred Shares redeemed the Subscription Price. At the same time it shall pay any arrears or accruals of any dividends remaining due on the A Preferred Shares calculated to the date of redemption. In the absence of any direction to the contrary by the holder of the relevant A Preferred Share any moneys paid on redemption of such share shall relate first to the said arrears and accruals of dividends. The dividends on the shares redeemed shall cease to accrue from the date of payment of the redemption moneys.

6.3 On the dates fixed for any redemption the Company shall pay to each registered holder of A Preferred Shares the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificate for his shares which are to be redeemed in order that they may be cancelled. If any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder. If more than one holder of A Preferred Shares served a Redemption Notice any redemption shall be made among such holders pro rata (as nearly as may be) to their respective holdings.

6.4 If any share is not redeemed in accordance with the terms of this article, it shall be entitled to ten votes per share, or, if less, such number of votes per share which,

- (a) when aggregated with the number of votes that holder is entitled to exercise pursuant to its holding of other shares in the capital of the Company, or
- (b) when aggregated with the number of votes which an investor (with 3i Group, 3i Global Technology and 3i European Technology acting together as one investor and Accel Europe and Accel Europe 2004 acting together as one

investor) is entitled to exercise pursuant to its holding(s) of other shares in the capital of the Company

entitles the holder to exercise 49% of the total number of votes that may be cast at a general meeting of the Company.

7. VOTING

7.1 Subject to any other provisions in these articles concerning voting rights, shares in the Company shall carry votes as follows:

A Preferred Shares: one vote per share calculated on an as converted basis

A Ordinary Shares one vote per share calculated on an as converted basis

B Ordinary Shares one vote per share calculated on an as converted basis

C Ordinary Shares: no votes per share

Ordinary Shares: one vote per share

7.2 The A Ordinary Shares, the B Ordinary Shares and the Ordinary Shares shall constitute and vote as the same class for all purposes of these articles other than in relation to articles 14, 15, 17 and 18.

7.3 Subject as provided in sub-article 7.4 below, votes on shares may be exercised:

- (a) on a show of hands by every Member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each Member holding shares with votes shall have one vote)
- (b) on a poll by every Member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each Member holding shares with votes shall have votes as determined in accordance with these articles).

7.4 The votes cast by any Member or any person acting in concert with such Member on a resolution shall not in any case be capable of exceeding 49% of the total number of votes that may be cast by all other Members entitled to vote (whether in person or by proxy).

8. CLASS RIGHTS

8.1 Save in relation to the C Ordinary Shares which shall not, to the greatest extent lawfully possible, have any class rights attached thereto and which shall not be entitled to vote on any variation to the rights thereto, whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or

during or in contemplation of a winding up, with and only with, the consent in writing of the holders of 66.6% of the issued shares of that class which at that time carry the right to vote at a general meeting of the Company. For the purposes of this article A1 Preferred Shares shall be deemed to be the same class of share as the A Preferred Shares and A Ordinary Shares and B Ordinary Shares shall be deemed to be the same class of share as the Ordinary Shares.

8.2 Without prejudice to the generality of this article, the special rights attached to the A Preferred Shares shall be deemed to be varied:

- (a) by the Company:
 - (i) altering its memorandum or articles of association; or
 - (ii) varying in any way (whether directly or indirectly) the rights attached to any of the shares for the time being in the capital of the Company; or
 - (iii) applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company (except as specifically provided for in these articles); or
 - (iv) entering into a contract to purchase any of its shares; or
 - (v) redeeming or buying in any of its shares (except as specifically provided for in these articles); or
 - (vi) passing a resolution that it be wound up; or
- (b) by the Company altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital except in connection with:
 - (i) the operation of a Share Option Scheme;
 - (ii) the issue of shares which the Company is required to make by reason of a right specifically attached to any share under these articles; or
 - (iii) the issue of shares by the Company for purposes other than the raising of capital as determined by the Board (with Investor Majority consent).

8.3 Notwithstanding sub-articles 7.1 and 8.1, save as required by sub-article 8.4, to the extent there is any class variation (whether required by statute or otherwise) requiring the vote of the C Ordinary Shareholders, such holders appoint and authorise any non-executive director of the Board to act in his name, place and stead as attorney to exercise all voting rights of such holder in relation to his holding of C Ordinary Shares and to accept any notice of meeting on such holders' behalf, completing (in such manner as the non-executive director shall think fit) any related documents.

8.4 If any variation of the rights attaching to the C Ordinary Shares is proposed the provisions of Article 8.3 shall not apply if the variation involves:

- (a) any alteration of Article 4.2 (or successor Article) in a manner which would permit the payment of a larger dividend per share in respect of an Ordinary Share than in respect of a C Ordinary Share where both such shares were in issue on the relevant record date for determining eligible shareholders; or
- (b) any alteration of Article 5 (or successor Article) which would result in a holder of any of the Ordinary Shares receiving a greater amount per share in respect of their Ordinary Shares than a holder of any C Ordinary Share; or
- (c) any alteration of Article 16 (or successor Article) which would reduce the rate of conversion into Ordinary Shares of a C Ordinary Share as compared with an A Preferred Share or A Ordinary Share or which would otherwise materially restrict the existing rights of conversion of a C Ordinary Share but provided always that no adjustment to the rate of conversion of the A Preferred Shares or A Ordinary Shares in accordance with any Article including (without limitation) Articles 17 and 18 shall be considered an alteration for the purposes of this Article 8.4(c)

in each case only where such variation is of material adverse effect on the C Ordinary Shares.

9. FURTHER ISSUES OF SHARES

9.1 Unless the Company by special resolution, an Investor Majority, and an Ordinary Shareholder Majority, otherwise agree, all Relevant Securities shall first be offered to the Members (but not Restricted Members, C Ordinary Shareholders or Ordinary Shareholders (in each case other than George Polk, Luke Alvarez or Norman Crowley in each case whilst they are employees or directors of the Company)) in proportion as nearly as possible to the numbers of Equity Shares held by them (on an as converted basis in the case of the A Preferred Shares) save that IBN shall only be entitled to take up to a maximum of 75% of their pro rata rights where any funding is at a price of more than 25% in excess of the Original Subscription Price (provided such funding is not being provided as part of a mezzanine funding or a funding done whilst the Company is seriously contemplating an IPO in each case as defined by the Board acting reasonably and provided that as a result IBN's shareholding shall not fall below 20% of the Equity Shares). Any such offer shall be made by notice specifying the number and class of shares offered and the price per share and limiting a time (not being less than 21 days or being greater than 28 days) within which the offer, if not accepted, will be deemed to be declined. Any Relevant Securities not accepted in that period shall be at the disposal of the directors who may (within the period of three months from the end of that period) allot, grant options over or otherwise dispose of the same to such persons at a price per share and on terms not less than that at which the same were offered to such Members, and otherwise on such terms as they think proper. Section 89 of the Act will not apply to the Company.

10. TRANSFER OF SHARES

The directors shall refuse to register any transfer of shares made in contravention of the provisions of these articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares. For the purpose of

ensuring that a particular transfer of shares is permitted under the provisions of these articles, the directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question.

11. PROHIBITED, PERMITTED AND MANDATORY TRANSFERS

Transfers prohibited absolutely

11.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a company in which one or more of the Members of the Company (or persons acting in concert with them) has a Controlling Interest.

Permitted transfers to relations, family trusts and in respect of secured shares

11.2

(a) Subject to the provisions (where relevant) of sub-articles 11.10 (mandatory transfer on cessation of employment) and 11.14 (restriction on transfer of shares until vesting complete) any Employee Member or any C Ordinary Shareholder may at any time during his lifetime transfer all or any shares held by him to a Privileged Relation or to a trustee or trustees to be held upon a Family Trust of which he is the settlor, provided that any such transfer of shares to trustees to be held upon a Family Trust may only be made with the consent in writing of an Investor Majority. Any transfers pursuant to this article must be notified to each of the Investors.

(b) Notwithstanding any other provisions of these Articles, George Polk shall be entitled to transfer any shares which are secured by IBN or by any member of its group to IBN or to that other member in the same group as IBN if he is in default of any lending arrangements with them.

Criteria for consents to family trusts

11.3 Where the consent of an Investor Majority is requested to a transfer to a Family Trust such consent must be given if the Investor Majority is satisfied:

- (a) with the terms of the trust instrument and in particular with the powers of the trustees;
- (b) with the identity of the proposed trustees;
- (c) that the proposed transfer will not result in 50% or more in the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and
- (d) that no costs incurred in connection with the setting up or administration of

the Family Trust in question are to be paid by the Company.

Permitted transfers by family trusts

11.4 Where any shares are held by trustees upon a Family Trust such shares may be transferred without restriction as to price or otherwise:

- (a) on any change of trustees, to the new trustees of that Family Trust;
- (b) at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor.

Permitted transfers by corporate investors

11.5 Notwithstanding any other provisions of these articles, a transfer of any shares in the Company held by any Shareholder which is a company or other entity or investment vehicle may be made to its holding company or to any subsidiary of that holding company or to any entity or investment vehicle in which such Shareholder, its holding company or any subsidiary of that holding company has a majority economic interest (a "member of the same group") without restriction as to price or otherwise, and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the same group as the original transferor it shall forthwith transfer the relevant shares back to the original transferor, or another member of the same group as the original transferor.

Permitted transfers by Investment Managers and Investment Funds

11.6 Notwithstanding any other provision of these articles, a transfer of any shares may be made without restriction as to price or otherwise (and any such transfers shall be registered by the directors) between any Member (or a nominee of a Member) who is:

- (a) a person whose principal business is to make, manage or advise upon investments (an "Investment Manager"); or
- (b) a fund, partnership, company, investment trust, syndicate or other entity whose principal business is to make investments and whose business is managed by an Investment Manager (an "Investment Fund"); or
- (c) a nominee of an Investment Manager of an Investment Fund; and:
- (d) where that Member is an Investment Manager or a nominee of an Investment Manager:
 - (i) any participant or partner in or member of any Investment Fund in respect of which the shares to be transferred are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course); or

- (ii) any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor; or
- (iii) any other Investment Manager who manages the business of the Investment Fund in respect of which the shares are held;
- (e) where that Member is an Investment Fund or nominee of an Investment Fund:
 - (i) any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course); or
 - (ii) any other Investment Fund whose business is managed by the same Investment Manager as manages the Investment Fund which is or whose nominee is the transferor; or
 - (iii) the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor.

Permitted transfers of A Preferred Shares

- 11.7 Notwithstanding any other provision of these articles, a transfer of any A Preferred Shares (other than a transfer to (i) a direct competitor of the Company as defined by the Board acting reasonably or (ii) a Restricted Party) may be made without restriction as to price or otherwise and any such transfer shall be registered by the directors.

Transfers with shareholder approval

- 11.8 Notwithstanding any other provision of these articles, a transfer of any shares (other than a transfer to a Restricted Party) approved by an Ordinary Shareholder Majority and an Investor Majority may be made without restriction as to price or otherwise and any such transfer shall be registered by the directors.

Mandatory transfer if trust ceases to be a Family Trust

- 11.9 If and whenever any shares in the Company held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor) or there cease to be any beneficiaries of the Family Trust other than a charity or charities a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of all shares in the Company by the holders thereof and such shares may not otherwise be transferred.

Mandatory transfer on cessation of employment

- 11.10 If an Employee Member becomes a Departing Employee Member, then Transfer Notice(s) shall be deemed to have been served on the relevant Termination Date in

respect of the relevant fraction of all Relevant Shares. For the purposes of this sub-article the term "relevant fraction" means:

- (a) if the Departing Employee Member is a Bad Leaver and is not Geoff Unwin, all of the shares;
- (b) if the Departing Employee Member is not a Bad Leaver and is not Geoff Unwin and is not George Polk, none of the shares;
- (c) if the Departing Employee Member is not a Bad Leaver and is George Polk, one half of the shares provided that such half shall be reduced by 1/30 for each complete month which has elapsed between the Vesting Commencement Date and the relevant Termination Date; and
- (d) if the Departing Employee Member is Geoff Unwin, 100% of the shares provided that the relevant fraction shall be reduced by 25% of the shares one year after the Vesting Commencement Date and thereafter shall be reduced by a further 2.083% of the shares for each complete month which has elapsed between the date which is one year after the Vesting Commencement Date and the relevant Termination Date (such that, on the date that is four years after the Vesting Commencement Date, the relevant fraction shall be none of the shares).

The provisions of this sub-article 11.10 may be waived in writing by an Investor Majority in whole or in part.

Transfers under this article 11.10 are in these articles referred to as "**Compulsory Employee Transfers**".

Restriction of voting rights

- 11.11 All voting rights attached to any shares held by an Employee Member and by persons who acquired any shares while they were his Privileged Relations and Family Trusts shall at the time he becomes a Restricted Member forthwith be suspended.

- 11.12 Such shares whose voting rights are suspended pursuant to article 11.11 ("**Restricted Shares**") shall confer on the holders of the right to receive notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy. Such voting rights shall be automatically restored prior to an IPO. If a Restricted Member transfers any Restricted Shares in the Company in accordance with these articles to a person to whom the Board declares itself satisfied is not a Privileged Relation of the Restricted Member or a trustee for a Family Trust of the Restricted Member, all voting rights attached to the Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of Members) automatically be restored.

- 11.13 Notwithstanding any other provision of these articles, for so long as any member of the 3i Group is the holder of any shares in the capital of the Company, and the disenfranchisement of shares under article 11.11 would result in all members of the

3i Group being able to exercise more than 49% of the votes attached to all shares in the capital of the Company, the number of votes attaching to all the shares held by members of the 3i Group shall, so long as this situation pertains, be restricted so that the votes conferred on all members of the 3i Group in respect of all shares held by them in the capital of the Company shall represent 49% of the votes attaching to all issued shares in the capital of the Company.

Restriction on transfer of unvested shares until vesting complete

11.14 Subject to article 11.10 (mandatory transfer on cessation of employment), 13.1 (tag along) and 13.2 (drag along), no interest in Relevant Shares to which the provisions of sub-article 11.10(c) or 11.10 (d) from time to time apply ("Unvested Shares") held by (i) George Polk or his Privileged Relations or Family Trusts; or (ii) Geoff Unwin or his Privileged Relations or Family Trusts, may be transferred to any other person until the provisions sub-article 11.10(c) or 11.10 (d) (as the case may be) shall cease to apply to the relevant portions of such Relevant Shares except that:

- (a) transfers of such Unvested Shares may be made to the Privileged Relations and Family Trusts of the holder;
- (b) transfers of such Unvested Shares may be made with the written consent of an Investor Majority; and
- (c) in the event of any transfer by (i) George Polk or his Privileged Relations or Family Trusts, or (ii) Geoff Unwin or his Privileged Relations or Family Trusts, the provisions of article 11.10 shall be adjusted and have effect so that the vesting of shares contained in that article is not effected and that no Unvested Shares become vested as a result of such transfer.

Restriction on Sale Price

11.15 The Sale Price of any shares transferred pursuant to Article 11.10 shall be restricted to the lower of the original subscription price paid for any such shares and fair value where:

- (a) the Departing Employee Member is a Bad Leaver; or
- (b) the Departing Employee Member is Geoff Unwin.

Transfers to Restricted Parties

11.16 No sale or transfer of the legal or beneficial interest in the Company to a Restricted Party may be made without the unanimous consent of the Board (such consent, for the avoidance of doubt, to include the IBN Appointees (if any)).

12. PRE-EMPTION RIGHTS

Transfer Notices and Sale Price

12.1

- (a) Except where otherwise provided in these articles and subject to article 11.14, every Member who desires to transfer any interest in shares must serve a Transfer Notice and any Member who is required by these articles to transfer any interest in shares will be deemed to have served a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices shall constitute the Company the Seller's agent for the sale of the Sale Shares in one or more lots at the discretion of the directors at the price (the "Sale Price") to be determined in accordance with article 12.1(b).

(b) The Sale Price will be either:

- (i) in the event of the directors refraining from putting forward a proposed price, the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares (the "Independent Expert Sale Price") such Independent Expert to be instructed by the Company within 14 days of the receipt by the Company of the Transfer Notice (the "Instruction Period") and to be directed to determine the Independent Expert Sale Price as soon as possible and in any event no later than 30 days from the date of instruction; or
 - (ii) a price agreed by the Seller and the directors within the Instruction Period;
 - (iii) the price offered by the directors but not agreed to by the Seller within the Instruction Period;
 - (c) In the event of article 12.1(b)(i) or article 12.1(b)(iii) applying then notwithstanding any other provisions of these Articles the Sale Shares shall be offered for sale in accordance with the provisions of Article 12.12.
- In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given, or is deemed to have been given, on a going concern basis as between a willing seller and a willing buyer, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Independent Expert as to the Sale Price shall be final.

Right of Seller to reject partial sales

12.2 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition (a "Total Transfer Condition") that unless all the Sale Shares are sold by the Company pursuant to this article none shall be sold. Any such provision shall be binding on the Company.

Certification of the Sale Price and right of Seller to cancel

12.3 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The Seller shall be entitled by notice in writing given

to the Company within 7 days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Seller cancels the Company's authority to sell the Sale Shares as referred to above in which case the Seller shall bear the cost.

Pre-emptive offers-general

12.4 Once the Sale Price has been determined then, unless the Seller has given a valid notice of cancellation or article 12.1(c) above applies, the Sale Shares shall be offered for sale in accordance with the following provisions of this article 12:

Compulsory Employee Transfers to be offered to the Company

12.5 Provided an Investor Majority have given their prior written consent any Sale Shares being sold by reason of a Compulsory Employee Transfer shall first be offered to the Company. Such consent shall not be unreasonably withheld but it will be reasonable for any member of 3i's Investor Group to withhold consent if, in their opinion, any transfer of such Sale Shares to the Company under this sub-article would result in the Company becoming a subsidiary company of any member of 3i's Investor Group. For the purposes of this sub-article "subsidiary" shall include subsidiaries under tax legislation and company law. Consent shall be deemed to have been refused by any Investor who has not given consent within 14 days of being requested to do so. If consent is refused under this sub-article the Sale Shares in question shall instead be offered for sale to Employee Members (excluding Restricted Members) pursuant to the method of allocation set out in article 12.11. Any offer under this article to the Company or other such persons must be made within 14 days of the consent being given or refused. Any Sale Shares not sold under this sub-article within 14 days of being offered to the Company or Employee Members (as the case may be) will be available for sale to the Members of the Company as set out below.

Offer to Members

12.6 As soon as the Sale Shares become available they shall forthwith be offered for sale by the Company giving notice in writing to that effect to all holders of Equity Shares (other than the Seller, Restricted Members and C Ordinary Shareholders). The notice shall specify:

- (a) the number of Sale Shares on offer and the Sale Price;
- (b) whether the Sale Shares are subject to a Total Transfer Condition;
- (c) the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the notice).

The notice shall set out the method of allocation of the Sale Shares and shall invite each Member to apply in writing to the Company for as many of the Sale Shares (if any) as that Member would like to purchase.

Basis of allocation to Members

12.7 The Sale Shares shall be allocated by the directors in satisfaction of the applications received in accordance with the procedure set out in this article.

12.8 Subject to articles 12.9 and 12.10 Sale Shares shall be allocated in satisfaction of the applications received from Members holding any class of share.

12.9 Any Sale Shares comprising A Preferred Shares shall be allocated first in satisfaction of the applications received from Investors. Any remaining Sale Shares shall be allocated in satisfaction of applications received from Members holding the other classes of share.

12.10 If the total number of Sale Shares applied for by the Members is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received.

(a) If the total number of Sale Shares applied for is more than the number of Sale Shares available, the directors shall allocate Sale Shares in satisfaction of each Member's application for Sale Shares in accordance with the following formula. This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated. Each application of the formula is herein referred to as an "iteration".

$$A = \frac{B}{C} \times D$$

A is the number of Sale Shares to be allocated to the relevant Member in the iteration.

B is the number of Equity Shares held by the Member.

C is the number of Equity Shares held by all Members to whom the iteration is being applied.

D is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations.

If, in any iteration, a Member would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not be allocated to that Member. That Member will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration.

(b) The Company shall notify the Seller and each Member who applied for Sale Shares of the number of Sale Shares that have been allocated and the persons to whom they have been allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed.

Transfer procedure for pre-emptive offers

12.11 If the Company finds a purchaser or purchasers for all or any of the Sale Shares

under the terms of this article the Seller shall be bound, upon receipt of the Sale Price, to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares the Company shall, if so required by the person or persons willing to purchase such Sale Shares, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as have been transferred to them.

Transfers free of pre-emption (subject to co-sale rights)

12.12

- (a) Subject to article 12.18 where the Company does not find purchasers for all of the Sale Shares under the terms of article 12 or where article 12.1(c) above applies then, subject to compliance with the following provisions of this article and article 12.12(b), the Seller shall at any time within six months after the date of the last offer by the Company to its Members or the date on which the Independent Expert Sale Price is determined or the date upon which the Instruction Period expires (in the case of article 12.1(b)(iii) applying) (as applicable) be free to sell and transfer such of the Sale Shares as have not been sold to any person at a price which is no less than 120 per cent of Sale Price (the "Target Sale Price").
- (b) Where Sale Shares are to be sold to a third party at a price no less than the Target Sale Price, the Seller shall notify the Company in writing of the Sale Price so offered. The Members shall then have 5 days to make an offer for the Sale Shares which may be accepted at the sole discretion of the Seller.
- (c) If the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the Sale Shares and not part only.

12.13 Each Seller to whom this article applies and which proposes to sell Ordinary Shares A Ordinary Shares, B Ordinary Shares or C Ordinary Shares (a "Selling Ordinary Shareholder") shall not sell or otherwise dispose of any such shares (or any interest in them), without the written consent of an Investor Majority unless the following procedures of this article have been observed.

12.14 The Selling Ordinary Shareholder shall give to each holder of A Preferred Shares (a "Preferred Holder") not less than 10 days' notice in advance of the proposed sale (a "Co-sale Notice"). The Co-sale Notice shall specify

- (a) the identity of the proposed purchaser (the "Buyer");
- (b) the price per share which the Buyer is proposing to pay;
- (c) the manner in which the consideration is to be paid;
- (d) the number of Ordinary Shares, A Ordinary Shares, B Ordinary Shares or C Ordinary Shares which the Selling Ordinary Shareholder proposes to sell; and

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- (e) the total number of Ordinary Shares, A Ordinary Shares, B Ordinary Shares or C Ordinary Shares held by the Selling Ordinary Shareholder, his/her Privileged Relations and Family Trusts and any Ordinary shareholder in relation to whom the Selling Ordinary Shareholder is a Privileged Relation or Family Trust.

12.15 Each Preferred Holder shall be entitled, within 10 days after receipt of the Co-sale Notice, to notify the Selling Ordinary Shareholder that they wish to sell a certain number of A Preferred Shares held by them at the proposed sale price, by sending a counter-notice which shall specify the number of A Preferred Shares which such Preferred Holder wishes to sell. The maximum number of shares which a Preferred Holder can sell under this procedure shall be:

$$\frac{X}{Y} \times Z$$

where

X is the number of A Preferred Shares held by the Preferred Holder,

Y is the total number of:

- A Preferred Shares held by all Preferred Holders, plus
- Ordinary Shares and/or A Ordinary Shares and/or B Ordinary Shares and/or C Ordinary Shares held by the Selling Ordinary Shareholder, his Privileged Relations and Family Trusts, plus
- Ordinary Shares and/or A Ordinary Shares and/or B Ordinary Shares and/or C Ordinary Shares held by any Ordinary or A Ordinary or B Ordinary or C Ordinary shareholder in relation to whom the Selling Ordinary Shareholder is a Privileged Relation or Family Trust, and
- Z is the number of Ordinary Shares and/or A Ordinary Shares and/or B Ordinary Shares and/or C Ordinary Shareholder the Selling Ordinary Shareholder proposes to sell.

Any Preferred Holder who does not send a counter-notice within such 10 day period shall be deemed to have specified that they wish to sell no shares.

12.16 Following the expiry of 10 days from the date the Preferred Holders receive the Co-sale Notice, the Selling Ordinary Shareholder shall be entitled to sell to the Buyer on the terms notified to the Preferred Holders a number of shares not exceeding the number specified in the Co-sale Notice less any shares which Preferred Holders have indicated they wish to sell, provided that at the same time the Buyer (or another person) purchases from the Preferred Holders the number of shares they have respectively indicated they wish to sell on terms no less favourable than those obtained by the Selling Ordinary Shareholders from the Buyer. Sales made in accordance with this sub article shall be free of all rights of pre-emption under these articles.

12.17 No sale by a Selling Ordinary Shareholder shall be made pursuant to any Co-sale

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Notice more than three months after service of that Co-sale Notice.

Transfers to Restricted Parties

- 12.18 Each Seller to whom this article applies and which proposes to sell shares to a Restricted Party (a "Restricted Seller") shall not sell or otherwise dispose of any such shares (or any interest in them) without the consent of the Board, such consent to be entirely at the discretion of the Board.

Effect of non-compliance

- 12.19 Any purported transfer of shares otherwise than in accordance with the provisions of these articles shall be void and have no effect.

13. TAG ALONG AND DRAG ALONG RIGHTS

Tag along

- 13.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered if, as a result of such sale or transfer and registration thereof, a Controlling Interest would be obtained in the Company by any person or group of persons acting in concert unless the proposed transferee or transferees or his or their nominees:

- (a) are independent third parties acting in good faith;
- (b) has or have offered to purchase all the Equity Shares; and
- (c) has or have allocated the consideration payable for all the shares it is purchasing and offering to purchase in the same manner as if the consideration was to be distributed to the selling shareholders in accordance with the provisions of article 5.

Drag along

- 13.2 If the holders of 66.6% of the A Preferred Shares and (in the case of proposed transfers (i) before 31 December 2005 for whatever consideration or (ii) after 31 December 2005 but before 31 December 2008 where the aggregate consideration offered to all shareholders is less than £50,000,000) the holders of 66.6% of the Ordinary Shares, A Ordinary Shares and B Ordinary shares (as if they were a single class) (excluding any Restricted Shares) in issue for the time being (the "Selling Shareholders") wish to transfer all their interest in Equity Shares (the "Sellers' Shares") to a bona fide arms length purchaser (the "Third Party Purchaser") the Selling Shareholders shall have the option (the "Drag Along Option") to require all the other holders of Equity Shares (the "Called Shareholders") to sell and transfer all their shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this article.

- 13.3 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "Drag Along Notice") at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Equity Shares (the "Called

Shares") pursuant to this article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this article) and the proposed date of transfer.

- 13.4 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

- 13.5 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Third Party Purchaser were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 5.

- 13.6 No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this article.

- 13.7 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless:

- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise; or
- (b) that date is less than 3 days after the Drag Along Notice where it shall be deferred until the third day after the Drag Along Notice.

- 13.8 The rights of pre-emption set out in these articles shall not arise on any transfer of shares to a Third Party Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served.

- 13.9 If any holder of Equity Shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by them the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Purchaser (or as they may direct) and the directors shall forthwith register the Third Party Purchaser (or as they may direct) as the holder thereof. After the Third Party Purchaser (or their nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced.

- 13.10 Upon any person, following the issue of a Drag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company (a "New Member"), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such shares acquired by them to the Third Party Purchaser or as the Third Party Purchaser may direct and

the provisions of this article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Member.

14. APPOINTMENT AND REMOVAL OF DIRECTORS

14.1 Unless the Company by special resolution otherwise directs, the maximum number of directors of the Company shall not exceed ten.

14.2 The holders of more than 50% of the votes attaching to the Equity Shares may by notice to the Company appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

14.3 The holders of more than 50% of the votes attaching to the Equity Shares may by notice to the Company remove any or all of the directors of the Company (other than a director appointed under article 15).

14.4 On receipt of a notice given under article 14.3, the Company shall serve a copy of it on the director to whom the notice relates, either in person or at the address of the director as shown in the statutory books of the Company at the time. If no address is shown, the notice may be sent to any address which the Company reasonably considers to be the director's then current address. Any failure on the part of the Company to comply with this article 14.4 shall not affect the validity of the director's removal under article 14.3.

14.5 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.

14.6 The office of a director (other than a director appointed under article 15) shall be vacated if he ceases to be an employee or consultant of a Group Company and does not continue in that capacity in relation to any Group Company.

14.7 The appointment of the chairman of the Board shall be made with the prior consent of an Investor Majority and the prior consent of the A Ordinary Appointees and the executive directors of the Company. Such chairman shall have a second or casting vote in relation to matters to be determined by the Board.

15. BOARD APPOINTEES

15.1 Notwithstanding any other provisions of these articles, for such time as they are holders of 10% of the Equity Shares issued from time to time by the Company, each of the Investors (with 3i Group, 3i Global Technology and 3i European Technology acting together as one Investor and Accel Europe and Accel Europe 2004 acting together as one Investor) may from time to time:

(a) appoint as a director of the Company any person (a "Investor Appointee") or, in the discretion of such Investor, nominate any existing directors as its appointee in lieu of any Investor Appointee;

(b) remove from office any Investor Appointee so appointed, or in the case of any existing director so nominated, terminate the *nomineeship* of such director (but without prejudice otherwise to such director's term of office); and

(c) appoint or nominate another person in their place, in each case by giving notice in writing to the Company.

15.2 Notwithstanding any other provisions of these articles, for such time as they are holders of at least 5% of the Equity Shares (BN may from time to time:

(a) appoint as a director of the Company any one person (an "BN Appointee") or, in the discretion of such Members, nominate any existing directors as its appointee in lieu of any BN Appointee;

(b) remove from office any BN Appointee so appointed, or in the case of any existing director so nominated, terminate the *nomineeship* of such director (but without prejudice otherwise to such director's term of office); and

(c) appoint or nominate another person in their place,

in each case by giving notice in writing to the Company.

15.3 Notwithstanding any other provisions of these articles, the holders of a majority of the Ordinary Shares in issue at the date of the adoption of these articles of association (excluding Ordinary Shares held by either of Luke Alvarez, Norman Crowley or Geoff Unwin or (BN), or anyone to whom such shares are transferred, or held by any Employee Members other than George Polk) may from time to time:

(a) appoint as a director of the Company any two persons ("the Ordinary Directors") or in the discretion of persons so entitled to appoint them, nominate any existing directors as its appointees in lieu of any Ordinary Director;

(b) remove from office any Ordinary Director so appointed, or in the case of any existing director so nominated, terminate the *nomineeship* of such director (but without prejudice otherwise to such director's term of office); and

(c) appoint or nominate another person in their place,

in each case by giving notice in writing to the Company.

The first appointee shall be George Polk who shall remain as an Ordinary Director for so long as he is an employee of the Group.

15.4 Any appointment, nomination, removal or termination under this article 15 takes effect where applicable on the later of:

(a) the date the notice was personally delivered to the Company's registered office or deemed given (if posted) under Table A;

(b) the date (if any) specified in the notice; and

(c) the date notice is given to the relevant party under article 15.1, 15.2 and 15.3.

15.5 Any nomination under article 15 shall take effect on a date no earlier than the date

the nominee accepts such nomination by giving notice in writing to that effect to the relevant Investor and such acceptance shall be deemed to constitute an acknowledgement of the Investor's rights set out in article 15.

15.6 In addition to the rights set out in article 15.1 an Investor Majority (in consultation with the A Ordinary Appointees and the executive directors of the Company) may appoint two additional persons to act as an independent non-executive director of the Company (each "an Independent Director"). One such appointee shall be appointed chairman of the Company in accordance with and subject to the requirements of article 15.6.

15.7 The remuneration and reasonable expenses to be paid to an Investor Appointee, an A Ordinary Appointee, an Ordinary Director and the Independent Directors shall be payable by the Company and shall be such sum agreed between him and the Company or, failing agreement, a reasonable sum fixed by the Investor Majority.

15.8 On request by the person(s) entitled to appoint them, the Company shall also procure that an Investor Appointee, an Ordinary Director, an A Ordinary Appointee, or Independent Director be appointed a director to any subsidiary of the Company.

16. CONVERSION OF A PREFERRED SHARES, A ORDINARY, B ORDINARY SHARES AND C ORDINARY SHARES

16.1 Any individual holder of A Shares may at any time convert the whole or any part of its A Shares into Ordinary Shares. Holders of B Ordinary Shares and C Ordinary Shares may not convert the whole or part of their B Ordinary Shares or C Ordinary Shares into Ordinary Shares except as provided herein. In addition, the holders of 66.6% of the A Preferred Shares then in issue may at any time convert all of the A Preferred Shares into Ordinary Shares and the holders of 66.6% of the A Ordinary Shares then in issue may at any time convert all of the A Ordinary Shares into Ordinary Shares. The rate of conversion shall be one Ordinary Share for each A Preferred Share or A Ordinary Share or C Ordinary Share held (the "Conversion Rate").

16.2 All of the A Preferred Shares shall immediately before a Qualifying IPO (but subject to the prior operation of article 5.3) convert automatically into Ordinary Shares at the Conversion Rate. All of the A Ordinary Shares and C Ordinary Shares shall immediately before any IPO convert automatically into Ordinary Shares at the Conversion Rate.

16.3 In the case of a voluntary conversion of A Shares the conversion shall be effected by notice in writing given to the Company signed by the relevant holder(s). Such conversion shall take effect immediately upon the date of delivery of such notice to the Company (unless such notice states that conversion is to be effective when any conditions specified in the notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled).

16.4 In the event that any IPO is to take place, then immediately prior to such IPO (save to the extent the members may agree otherwise):

(i) if the Market Capitalisation is equal to or less than the Hurdle, each B Ordinary Share shall be converted into one Deferred Share; or

(ii) if the Market Capitalisation exceeds the Hurdle immediately prior to any IPO, all B Ordinary Shares shall be converted into such number of Ordinary Shares (with any balance of B Ordinary Shares being converted into one Deferred Share) as is necessary to procure that, at the point immediately after the conversions carried out pursuant to this article, the fraction of the total number of Ordinary Shares (calculated on a fully diluted basis) represented by the Ordinary Shares created by the conversion of B Ordinary Shares carried out pursuant to this article equals:

$$\frac{((MC - H) \times \left(\frac{BOS}{OS + BOS} \right))}{MC}$$

Where:

H is the Hurdle

MC is the Market Capitalisation

BOS is the total number of B Ordinary Shares in issue immediately prior to the conversion carried out pursuant to this article

OS is the total number of Ordinary Shares (calculated on a fully diluted basis and assuming full conversion of all A Preferred Shares, all A Ordinary Shares and all C Ordinary) immediately prior to the conversion carried out pursuant to this article

In this article, the term "calculated on a fully diluted basis" means after taking into account all issued Equity Shares as well as any Equity Shares unissued but the subject of any outstanding options or warrants that have met the relevant conditions for exercise.

16.5 If B Ordinary Shares are to convert into Ordinary Shares with a total nominal value greater than the nominal value of the relevant B Ordinary Shares, the Company shall issue additional Ordinary Shares to the relevant holder by way of special dividend, such shares to be issued fully paid up by the capitalisation of amounts standing to the credit of the share premium account or any other available reserves of the Company as determined by the directors. Such capitalisation shall be automatic and shall not require any action on the part of the Members and the directors shall allot the shares arising on such capitalisation to the holders of the B Ordinary Shares in accordance with this article. To the extent that any such capitalisation of reserves shall be impossible or unlawful, the holders of B Ordinary Shares shall be entitled to subscribe for such ordinary Shares at nominal value.

16.6 Where the total number of Ordinary Shares to be received by a person holding B Ordinary Shares as a result of a capitalisation of reserves under this article would not be a whole number, it will be rounded to the nearest whole number.

16.7 In the case of an issue of Additional Shares for a consideration in whole or in part other than cash, in calculating the subscription price of these shares for the purposes of this article, the consideration other than cash shall be deemed to be the fair value of such consideration as determined by the auditors of the Company (acting as experts and not as arbitrators), irrespective of any accounting treatment.

16.8 Forthwith after conversion takes effect the holders of the resulting Ordinary Shares shall send to the Company the certificates in respect of their holding of A Preferred Shares or A Ordinary Shares or B Ordinary Shares or C Ordinary Shares (as the case may be) and the Company shall issue to such holder a certificate for the Ordinary Shares resulting from the conversion.

16.9 The Ordinary Shares resulting from the conversion shall rank from the date of conversion *pari passu* in all respects with the other Ordinary Shares in the capital of the Company.

16.10 On the date of conversion of the A Preferred Shares the Company shall pay a dividend to the holders of the A Preferred Shares being converted of a sum equal to all arrears and accruals of the Preferred Dividend calculated down to the date of conversion.

17. ANTI-DILUTION FOR A SHARES

17.1 If the Company issues any Additional Shares without consideration or for a consideration per share less than the Original Subscription Price of the A Shares or, in relation only to those A Shares where the Subscription Price was in excess of the Original Subscription Price, the Subsequent Subscription Price (a "Qualifying Issue") then the Conversion Rate for such A Shares shall be adjusted so that the number of Ordinary Shares into which it shall be converted shall be increased by multiplying the number of Ordinary Shares to be received pursuant to the Conversion Rate by a factor of X

where:

$$X = \text{OSP} + \frac{(\text{OSP} \times \text{ESC}) + (\text{ASP} \times \text{NSC})}{\text{ESC} + \text{NSC}}$$

For the purpose of this calculation:

OSP is the Original Subscription Price (or, in relation only to those A Shares where the Subscription Price was in excess of the Original Subscription Price, the Subsequent Subscription Price)

ESC is the total number of shares in the Company's equity share capital (as defined by the Act) in issue on the date of conversion less the total number of shares issued on all Qualifying Issues

ASP is the average subscription price per share paid for shares on Qualifying Issues calculated by dividing the aggregate of amounts paid

or to be paid in respect of the Additional Shares issued pursuant to all Qualifying Issues by the total number of Additional Shares issued pursuant to all Qualifying Issues

NSC is the total number of shares issued on all Qualifying Issues.

17.2 If A Shares are to convert into Ordinary Shares with a total nominal value greater than the nominal value of the relevant A Shares, the Company shall issue additional Ordinary Shares to the relevant holder by way of special dividend, such shares to be issued fully paid up by the capitalisation of amounts standing to the credit of the share premium account or any other available reserves of the Company as determined by the directors. Such capitalisation shall be automatic and shall not require any action on the part of the Members and the directors shall allot the shares arising on such capitalisation to the holders of the A Shares in accordance with this article. To the extent that any such capitalisation of reserves shall be impossible or unlawful, the holders of A Shares shall be entitled to subscribe for such ordinary Shares at nominal value.

17.3 Where the total number of Ordinary Shares to be received by a person holding A Shares as a result of a capitalisation of reserves under this article would not be a whole number, it will be rounded to the nearest whole number.

17.4 In the case of an issue of Additional Shares for a consideration in whole or in part other than cash, in calculating the subscription price of these shares for the purposes of this article, the consideration other than cash shall be deemed to be the fair value of such consideration as determined by the auditors of the Company (acting as experts and not as arbitrators), irrespective of any accounting treatment.

17.5 If the Company makes a Qualifying Issue and

(a) a holder of A Shares is entitled to participate in such issue by virtue of its pre-emption rights (whether arising under these articles or otherwise); and

(b) the Company offers the holders of the A Shares the opportunity to participate in the Qualifying Issue; and

(c) the holder of the A Shares in question does not take up its rights in full to subscribe for its entitlement of the Qualifying Issue (ignoring any rights which arise from the failure of another person to subscribe and after deducting from the Qualifying Issue any shares which the Company has indicated that it wishes to issue to non Members rather than to Members),

then all A Preferred Shares held by such holder will forthwith convert into A1 Preferred Shares having in all respects rights identical to the A Preferred Shares save that they will have no right to any adjustment of their Conversion Rate as a result of the Qualifying Issue in question or any subsequent Qualifying Issues under this article and all A Ordinary Shares held by such holder will forthwith convert into A1 Ordinary Shares on a 1 for 1 basis (without any adjustment to the Conversion Rate as a result of the Qualifying Issue) having in all respects rights identical to the A Ordinary Shares. Except where it would defeat the purpose of this sub-article a

reference in these articles to A Preferred Shares shall be deemed to be a reference to the A Preferred Shares and A1 Preferred Shares together and a reference to A Ordinary Shares shall be deemed to be a reference to the A Ordinary Shares and A1 Ordinary Shares together.

17.6 If the Company grants or issues any options or rights to purchase or subscribe for Additional Shares ("Options"), securities by their terms convertible into or exchangeable for Additional Shares ("Convertible Shares") or options or rights to purchase or subscribe for such convertible or exchangeable securities ("Convertible Options"), the following provisions shall apply for all purposes of this article:

(a) The aggregate maximum number of Additional Shares issuable upon the exercise (assuming the satisfaction of any conditions) of such Options shall be deemed to have been issued at the time such Options were issued and for a consideration equal to that, if any, received by the Company upon issuing such Options plus the minimum exercise price provided in such Options.

(b) The aggregate maximum number of Additional Shares issuable:

(i) upon the conversion of, or in exchange for, any Convertible Shares (assuming the satisfaction of any conditions on convertibility or exchangeability); or

(ii) upon the exercise of any Convertible Options and subsequent conversion or exchange of such options,

shall be deemed to have been issued at the time such Convertible Shares or Convertible Options (as appropriate) were issued and for a consideration equal to that, if any, received by the Company for any such Convertible Shares or Convertible Options plus the minimum additional consideration, if any, to be received by the Company upon the conversion or exchange of such Convertible Shares or the exercise of such Convertible Options.

provided that no further adjustment to the Conversion Rate shall be made upon the actual issue of Additional Shares upon the exercise of Options or Convertible Options, or the conversion or exchange of Convertible Shares. If the purchase price provided for in any Option or Convertible Option, the additional consideration (if any) payable upon the issue, conversion or exchange of any Convertible Share, or the rate at which any Convertible Share is convertible into or exchangeable for Ordinary Shares change at any time, the Conversion Rate in effect at the time of such change shall be readjusted to the Conversion Rate which would have been in effect at such time had such Option, Convertible Options or Convertible security originally provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold. Upon the expiration of any Option or Convertible Option or the termination of any right to convert or exchange any Convertible Share without the exercise of any such Option or right, the Conversion Rate then in effect hereunder shall be adjusted to the Conversion Rate which would have been in effect at the time of such expiration or termination had such Option, Convertible Option or Convertible Share, to the extent outstanding immediately prior to such expiration or termination, never been issued.

17.7 If while any A Shares remain capable of being converted into Ordinary Shares and there is a consolidation or sub-division (or both) of Ordinary Shares, the number of Ordinary Shares to be issued on any subsequent conversion of A Shares shall be reduced or increased (as appropriate) proportionately by a corresponding adjustment of the Conversion Rate and any such reduction or increase shall become effective immediately after the relevant consolidation or sub-division takes place.

17.8 If the Company is prohibited from effecting a capitalisation of reserves required by this article whether by virtue of the Act or for any other reason, the person entitled to the bonus issue shall be entitled, at any time, to subscribe at par for the Ordinary Shares that they would otherwise have been entitled to have received as a bonus issue by virtue of this article.

17.9 The directors and the Members of the Company shall use their respective rights and powers to procure, so far as they are able, that the Company has sufficient authorised but unissued Ordinary Shares to meet any obligations which may arise under this article.

17.10 The directors shall forthwith supply to any Member requesting the same a certificate setting out the Conversion Rate then applicable to the A Shares.

18. ANTI-DILUTION FOR ORDINARY SHARES

18.1 If the Company issues any Additional Shares without consideration or for a consideration per share less than the Original Subscription Price (a "Qualifying Issue") then the holders of the Ordinary Shares in issue on the date of adoption of these Articles (being an aggregate of 870,880 Ordinary Shares) shall be entitled to subscribe at par for such additional number of Ordinary Shares equal to A, where:

$$A = (Y-1) \times \text{No. of shares held by relevant Ordinary Shareholder}$$

where:

$$Y = \text{ODP} + \frac{(\text{ODP} \times \text{ESC}) + (\text{ASP} \times \text{NSC})}{\text{ESC} + \text{NSC}}$$

For the purpose of this calculation:

ODP is the Ordinary Deemed Price of the relevant Ordinary Share being £1.3382

ESC is the total number of shares in the Company's equity share capital (as defined by the Act) in issue on the date of subscription less the total number of shares issued on all Qualifying Issues

ASP is the average subscription price per share paid for shares on Qualifying Issues calculated by dividing the aggregate of amounts paid or to be paid in respect of the Additional Shares issued pursuant to all Qualifying Issues by the total number of Additional Shares issued

pursuant to all Qualifying Issues but applying the ODP price to any Ordinary Shares to which this provision applies

NSC is the total number of shares issued on all Qualifying Issues.

18.2 Where the total number of Ordinary Shares to be subscribed by a person holding Ordinary Shares would not be a whole number, it will be rounded to the nearest whole number.

18.3 In the case of an issue of Additional Shares for a consideration in whole or in part other than cash, in calculating the subscription price of these shares for the purposes of this article, the consideration other than cash shall be deemed to be the fair value of such consideration as determined by the auditors of the Company (acting as experts and not as arbitrators), irrespective of any accounting treatment.

18.4 If the Company makes a Qualifying Issue and

- (a) a holder of Ordinary Shares is entitled to participate in such issue by virtue of its pre-emption rights (whether arising under these articles or otherwise); and
- (b) the Company offers the holders of the Ordinary Shares the opportunity to participate in the Qualifying Issue; and
- (c) the holder of the Ordinary Shares in question does not take up its rights in full to subscribe for its entitlement of the Qualifying Issue (ignoring any rights which arise from the failure of another person to subscribe and after deducting from the Qualifying Issue any shares which the Company has indicated that it wishes to issue to non Members rather than to Members),

then all Ordinary Shares held by such holder will cease to have any rights pursuant to this Article.

18.5 If the Company grants or issues any options or rights to purchase or subscribe for Additional Shares ("Options"), securities by their terms convertible into or exchangeable for Additional Shares ("**Convertible Shares**") or options or rights to purchase or subscribe for such convertible or exchangeable securities ("**Convertible Options**"), the following provisions shall apply for all purposes of this article:

- (a) The aggregate maximum number of Additional Shares issuable upon the exercise (assuming the satisfaction of any conditions) of such Options shall be deemed to have been issued at the time such Options were issued and for a consideration equal to that, if any, received by the Company upon issuing such Options plus the minimum exercise price provided in such Options,
- (b) The aggregate maximum number of Additional Shares issuable:
 - (i) upon the conversion of, or in exchange for, any Convertible Shares (assuming the satisfaction of any conditions on convertibility or exchangeability); or
 - (ii) upon the exercise of any Convertible Options and subsequent

conversion or exchange of such options,

shall be deemed to have been issued at the time such Convertible Shares or Convertible Options (as appropriate) were issued and for a consideration equal to that, if any, received by the Company for any such Convertible Shares or Convertible Options plus the minimum additional consideration, if any, to be received by the Company upon the conversion or exchange of such Convertible Shares or the exercise of such Convertible Options,

provided that no further issue of Ordinary Shares shall be made upon the actual issue of Additional Shares upon the exercise of Options or Convertible Options, or the conversion or exchange of Convertible Shares. If the purchase price provided for in any Option or Convertible Option, the additional consideration (if any) payable upon the issue, conversion or exchange of any Convertible Share, or the rate at which any Convertible Share is convertible into or exchangeable for Ordinary Shares change at any time, the number of shares to be issued shall be readjusted to the number which would have been in effect at such time had such Option, Convertible Options or Convertible security originally provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold either by a further issue of shares or automatic conversion of the relevant number of Ordinary Shares to Deferred Shares. Upon the expiration of any Option or Convertible Option or the termination of any right to convert or exchange any Convertible Share without the exercise of any such Option or right, the number of Ordinary Shares hereunder shall be adjusted to the number which would have been in effect at the time of such expiration or termination had such Option, Convertible Option or Convertible Share, to the extent outstanding immediately prior to such expiration or termination, never been issued either by a further issue of shares or automatic conversion of the relevant number of Ordinary Shares to Deferred Shares.

18.6 The directors and the Members of the Company shall use their respective rights and powers to procure, so far as they are able, that the Company has sufficient authorised but unissued Ordinary Shares to meet any obligations which may arise under this article.

18.7 Notwithstanding any provision to the contrary contained in these articles, the rights and privileges attached to the deferred shares of £0.01 each in the capital of the Company ("**Deferred Shares**") are as follows:

- (a) as regards income:
 - the Deferred Shares shall not entitle their holders to receive any dividend or other distribution;
- (b) as regards capital:
 - the Deferred Shares shall on a return of assets in a winding up or otherwise entitle the holder only to the repayment of the amounts paid up on such shares after repayment of £10 million per Ordinary Share;
- (c) as regards voting:

the holders of the Deferred Shares shall not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting;

(d) as regards purchase by the Company:

the holders of any Deferred Shares which arise on the sub-division and re-classification or conversion of any shares shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of the Deferred Shares which so arise a transfer of such Deferred Shares (and/or an agreement to transfer the same) to the Company or to such person as the Company may determine as custodian thereof and/or the Company to purchase the same (in accordance with the provisions of the Act, as amended) in any such case in consideration for not more than one penny per holder of such Deferred Shares (and the Company or such other person as the Company shall appoint shall be entitled to retain and hold such consideration on trust for the holder(s) of such Deferred Shares until payment of the consideration is requested by the holder(s) or the Company elects to pay out such consideration to the holder(s), whichever is the earlier) without obtaining the sanction of the holder or holders of such Deferred Shares and pending such transfer and/or purchase to retain the certificate(s) (to the extent issued) for such Deferred Shares and no such action shall constitute a modification or abrogation of the rights or privileges attaching to the Deferred Shares;

(e) as regards further issues:

the special rights conferred by the Deferred Shares shall not be deemed to be modified or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares.

19. MEETINGS OF DIRECTORS

Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him. Meetings of the directors may, be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person.

20. DIRECTORS' CONFLICTS OF INTEREST

20.1 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

(a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

- (b) may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) may (and any firm or company of which he is a partner or Member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
- (d) shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- (e) shall be entitled to vote and be counted in the quorum on any matter referred to in the foregoing paragraphs of this article.

20.2 For the purposes of this article:

- (a) a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

21. LIEN

The lien conferred by regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder of the shares or one of several joint holders.

22. PARTLY PAID SHARES

- 22.1 The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment."
- 22.2 If the subscription price of any share (including any premium) is partly paid, the rights to dividend and on a return of capital of any such share shall be abated in the same

proportion as the unpaid amount bears to the total subscription price.

23. SEAL

Regulation 6 of Table A shall be modified so as to remove the reference to the company seal and regulation 101 of Table A shall be modified by the insertion of the words " , if the Company has one, " after the words "The seal" at the beginning of that regulation.

24. INDEMNITY

24.1 Subject to the provisions of the Act, but without prejudice to any indemnity to which a Director may otherwise be entitled, every person who is or was at any time a Director or director of an Associated Company shall be indemnified out of the assets of the Company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company, provided that no such indemnity is (directly or indirectly) provided against any liability incurred by the director:

(a) to the Company or to any Associated Company;

(b) to pay:

- (i) a fine imposed in criminal proceedings; or
- (ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising)
- (c) in relation to a decision which has become final (in accordance with sections 309B (5) to (7) of the Act):
 - (i) in defending any criminal proceedings in which he is convicted; or
 - (ii) in defending any civil proceedings brought by the Company or an Associated Company in which judgment is given against him; or
 - (iii) in connection with any application under any of the following provisions in which the court refuses to grant him relief:

(A) section 144(3) or (4) of the Act; or

(B) section 727 of the Act.

24.2 Without prejudice to any indemnity to which such person may otherwise be entitled, every officer of the Company or of an Associated Company, other than a Director or a director of an Associated Company, shall be indemnified out of the assets of the Company against any liability, cost, loss, charge or expense incurred by him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted by him as an officer of the Company or of an Associated Company.

24.3 Without prejudice to article 24.1 above the Company may purchase and maintain for any person who is or was at any time a Director or director of an Associated Company insurance against any liability which attaches to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company. The Company may also purchase and maintain insurance for or for the benefit of any person who is or was at any time an officer of the Company or of any Relevant Company (as defined in article 24.5 below), other than a Director or a director of an Associated Company, or who is or was at any time a trustee of any pension fund or employees' shares scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company or any such pension fund or employees' share scheme.

24.4 The Directors may take independent professional advice at the Company's expense in relation to their duties as directors of any Relevant Company.

24.5 For the purpose of articles 24.3 and 24.4 above "Relevant Company" shall mean the Company, any Associated Company or any other body, whether or not incorporated, in which the Company or any Associated Company or any of the predecessors of the Company or of any Associated Company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any Associated Company of the Company or of such other body.

25. DATA PROTECTION

Each of the shareholders and directors of the Company (from time to time) consent to the processing of their personal data by the Company, its shareholders and directors (each a "Recipient") for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually. The personal data which may be processed for such purposes under this article shall include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security) in the Company. Other than as required by law, court order or any regulatory authority, that personal data may not be disclosed by a Recipient or any other person except to its holding company and to subsidiaries of that holding company ("Recipient Group Companies") and to employees, directors and professional advisers of that Recipient or the Recipient Group Companies and funds managed by any of the Recipient Group Companies. Each of the Company's shareholders and directors (from time to time) consent to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient both within and outside the European Economic Area for the purposes stated above, where it is necessary or desirable to do so.

Schedule 7

Retention

1 In this schedule 7:

1.1 the following expressions have the following meanings:

"Allotment Date" : shall mean 90 days from the Completion Date;

"Outstanding Warranty Claim" : a Warranty Claim in respect of which the amount payable to the Buyer has not been settled by the Payment Date;

"Warranty Claim" : a claim by the Buyer for a breach of any of the Warranties (including those warranties pursuant to clauses 7.4, 7.8, 13.1 and 13.2) or a claim under the indemnity provisions in clauses 7.8, 9.5, 10.2, 11.2, 13.3 and 19.5 of which notice has been received by the Seller before the Allotment Date in accordance with the provisions of this Agreement;

1.2 the expression "settled" means settled by agreement in writing signed by the Seller and the Buyer or finally determined by a Court of competent jurisdiction and, for this purpose, "finally determined" has the same meaning (*mutatis mutandis*) as "finally disposed of" in section 64 of the Landlord and Tenant Act 1954; and

1.3 references to paragraphs are to paragraphs of this schedule 7.

2 The Retention shall be dealt with in accordance with the following paragraphs of this schedule 7.

3 The release of the Retention pursuant to this schedule in or towards satisfaction of any Warranty Claim shall not in any way:

3.1 prejudice or affect any other rights or remedies of the Buyer for the purpose of recovering the amount due from the Seller and not satisfied by the release of the Retention; or

3.2 constitute a waiver by the Buyer of any rights or remedies of the Buyer provided under this Agreement or by law in respect of any Warranty Claim or shall prevent any future exercise by the Buyer in whole or in part thereof.

4 Issue of the Retention

4.1 If no Warranty Claim has been made prior to the Allotment Date then on the Allotment Date the Buyer shall, conditional upon the delivery by the Seller to the Buyer of a subscription letter in the form of schedule 8 in respect of the relevant number of Consideration Shares:

- 4.1.1 issue and allot the Retention credited as fully paid to the Seller or its nominees free of all pre-emption rights;
 - 4.1.2 procure the entry in the register of members of the Buyer of the name of the Seller or its nominees as the holder of the Retention;
 - 4.1.3 issue to the Seller or its nominees share certificate(s) in respect of the Retention; and
 - 4.1.4 deliver to the Seller a copy of its articles of association certified by the company secretary to be a true and complete copy of its articles of association on the Allotment Date.
- 4.2 If at any time before the Allotment Date a Warranty Claim is settled and/or on the Allotment Date there is an Outstanding Warranty Claim then the Retention to be issued and allotted on the Allotment Date will be reduced on a pound for pound basis (rounded to the nearest whole share) to take account of the loss settled in respect of the Warranty Claim and/or the value of the Outstanding Warranty Claim. To the extent that any Retention is to be issued and allotted on the Allotment Date following the operation of this paragraph 4.2, the Buyer shall comply with the provisions of paragraph 4.1.
- 4.3 If:
- 4.3.1 there is an Outstanding Warranty Claim on the Allotment Date;
 - 4.3.2 the provisions of paragraph 4.2 operated;
 - 4.3.3 the Outstanding Warranty Claim is settled; and
 - 4.3.4 the Seller's liability in respect of the Outstanding Warranty Claim is such that had the amount of the Seller's liability been settled on the Allotment Date more Consideration Shares (being the "Further Consideration Shares") would have been issued to the Seller on the Allotment Date than were actually issued at that time,

then within 10 Working Days of the Outstanding Warranty Claim being settled the Buyer shall issue the Further Consideration Shares to the Seller and comply with the provisions of paragraphs 4.1.1 to 4.1.3 and deliver to the Seller a copy of its articles of association certified by the company secretary to be a true and complete copy of the its articles of association on the date the Further Consideration Shares are issued.

Schedule 8

The Founders

<i>Name</i>	<i>Address</i>
Ben van Dongen	Entrepotdok 188, 1018AD Amsterdam
Gerrit Anton Bos	Reguliersdwarsstraat 95 D, 1017BK Amsterdam
Carl Harper	Singel 445/5, 1012 WP Amsterdam

Schedule 9
Subscription Letter

[On headed letter of Hotspot Holding BV]

Date []

To: The Board of Directors
 The Cloud Networks Ltd
 54 Bartholomew Close
 London EC1A 7RY
 United Kingdom

Dear Sirs,

Subscription for Shares

We hereby subscribe for [●] C Ordinary Shares of 0.025p each in the share capital of The Cloud Networks Limited (the "Company") at a valuation of approximately €5.58 per share each such share bearing the rights and subject to the restrictions set out in the Company's articles of association from time to time.

Yours faithfully

.....

for and on behalf of Hotspot Holding BV

Schedule 10

Map Showing Network Coverage

