

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
SEMMLE LIMITED	11/18/2011
RECEIVING PARTY DATA	
Name:	SEMMLE CAPITAL PARTNERS LLC
Street Address:	550 Kearney Street, Suite 510
City:	San Francisco
State/Country:	CALIFORNIA
Postal Code:	94108
PROPERTY NUMBERS Total: 5	
Property Type	Number
Application Number:	12349761
Application Number:	12406611
Application Number:	12402046
Application Number:	13183514
Application Number:	13215637
CORRESPONDENCE DATA	
Fax Number:	(866)826-5420
Phone:	301-638-0511
Email:	ipresearchplus@comcast.net
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Correspondent Name:	IP Research Plus, Inc.
Address Line 1:	21 Tadcaster Circle
Address Line 2:	attn: Penelope J.A. Agodoa
Address Line 4:	Waldorf, MARYLAND 20602
ATTORNEY DOCKET NUMBER:	37559

OP \$200.00 12349761

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PATENT
REEL: 027284 FRAME: 0555

NAME OF SUBMITTER:

Penelope J.A. Agodoa

Total Attachments: 41

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THIS SUBSCRIPTION AGREEMENT is made on **21** November 2011
AMONG

- (1) **SEMMLE LIMITED**, incorporated in England and Wales Semmle Ltd, a company registered in England and Wales, (Company Number 06037169) whose registered office is at 2nd Floor, East Unit 9, Park End Street, Oxford, OX1 1HH (the "Company"); and
- (2) **SEMMLE CAPITAL PARTNERS LLP**, a California limited liability company (Company number 201128010015) (the "Lender").

together the "parties" and each individually, a "party".

BACKGROUND

- (A) The Company wishes to raise additional funds and the Lender has agreed to provide funds by subscribing for convertible loan notes 2013.
- (B) This Agreement contains the terms upon which the Lender has agreed to subscribe for loan notes in the Company in a principal amount of up to \$2,000,000.

IT IS AGREED as follows:

1. INTERPRETATION

In this Agreement (unless the contrary intention appears) terms and expressions defined in the Articles shall have the same meaning herein and the following terms and expressions shall have the following meanings:

2. DEFINITIONS

"Approvals" means the undertakings from such holders of the issued share capital of the Company as is necessary to give valid authority for:

- (a) the adoption of the New Articles;
- (b) the execution and delivery of this Agreement and creation and issue of the Loan Notes;
- (c) the variation of the Company's issued share capital;
and

	(d) the approval of the Share Purchase Agreement;
"Articles"	means the articles of association of the Company (as the same may be amended from time to time);
"Board"	means the board of directors of the company from time to time;
"Business Day"	means a day (other than a Saturday, Sunday or public holiday) on which banks in London are open for normal banking business or where such term relates to the service of any notice or the transfer of funds, means any day from Monday to Friday inclusive which is not a local, public or statutory holiday in the country of residence of the recipient or the payer respectively;
"Closing Date"	means 31 December 2011;
"Company's Solicitors"	means MBM Commercial LLP of 5th Floor, 125 Princes Street, Edinburgh EH2 4AD;
"Directors"	means the directors of the Company from time to time;
"Event of Default"	means any of the events set out in paragraph 4 of Part 2 of the Schedule to the Loan Note Instrument;
"First Completion"	means completion of the investment of the Initial Subscription Amount pursuant to this Agreement;
"Funding Date"	means 21 November 2011;
"Further Subscription Amount"	the Total Subscription Amount less the Initial Subscription Amount;
"Initial Subscription Amount"	the amounts of \$1,000,000 (ONE MILLION US DOLLARS);
"in the agreed form"	means in a form approved by solicitors acting for the Lender and the Company;
"Loan Notes"	means the loan notes constituted by the Loan Note Instrument;

"Loan Note Instrument"	means the loan note instrument in the form set out in the Schedule;
"New Articles"	means the articles of association of the Company to be adopted on or around the date of this Agreement in the agreed form;
"Oegerikus de Moor"	means Oegerikus de Moor residing at 70 Warwick Street, Oxford OX4 1SX;
"Patents"	means the Patents as defined in paragraph 6 of Part 2 of the Schedule to the Loan Note Instrument;
"Resolution"	means the resolutions of the Company to be passed on or around the date of this Agreement in the agreed form and the other resolutions and/or consents of shareholders specifically referred to in the definition of Approvals and "Resolutions" shall be construed accordingly;
"Second Completion"	means completion of the investment of the Further Subscription Amount pursuant to Clause 3.8;
"Security"	the security interests in the Patents contemplated by or created pursuant to paragraph 6 of Part 2 of the Schedule to the Loan Note Instrument;
"Share Buy-back Agreement"	means the agreement to be entered into on or around the date of this Agreement between the Company and Oegerikus de Moor in relation to the redemption of the redeemable shares to be acquired by Oegerikus de Moor;
"Share Transfer"	the transfer to Oegerikus de Moor of the 17 redeemable shares of £1.00 each in the share capital of the Company currently registered in the names of Pavel Avgustinov, Neil Ongkingco and Julian Tibble;
"Total Subscription Amount"	means the amount of \$2,000,000 (TWO MILLION US DOLLARS); and
"Warranties"	means the warranties and representations set out in Clause

4.1.

- 2.1 Except as otherwise provided, expressions defined in the Companies Act 2006 shall be read as if defined in that way in this Agreement.
- 2.2 In this Agreement:-
- 2.2.1 the singular includes the plural and the masculine includes the feminine and neuter and vice versa;
 - 2.2.2 references to persons shall include bodies corporate, unincorporated associations, partnerships and trusts;
 - 2.2.3 references to recitals, clauses and the Schedule are, unless the contrary intention appears, references to the recitals and clauses of, and to the Schedule to this Agreement;
 - 2.2.4 the headings and sub-headings of this Agreement are inserted for convenience only and shall not affect the construction thereof;
 - 2.2.5 the recitals form part of this Agreement; and
 - 2.2.6 words importing the whole shall be treated as including a reference to any part of the whole.
- 2.3 References to any statute, statutory provision, statutory instrument, order or regulation made thereunder includes that statute, provision, instrument, order or regulation as amended, modified, consolidated, re-enacted or replaced from time to time, whether before or after the date of this Agreement and also includes any previous statute, statutory provision, statutory instrument, order or regulation amended, modified, consolidated, re-enacted or replaced by such statute, provision, instrument, order or regulation.
- 2.4 In this Agreement, a reference to a "subsidiary" or "holding company" is to be construed in accordance with section 1159 of the Companies Act 2006.

3. **SUBSCRIPTION AND COMPLETION**

- 3.1 The Lender agrees to subscribe for Loan Notes, in accordance with the terms and conditions set forth herein, up to the Total Subscription Amount.
- 3.2 By its execution of this Agreement the Lender irrevocably agrees and undertakes to subscribe for Loan Notes in the Initial Subscription Amount on the Funding Date, subject always to Clause 3.4.
- 3.3 The parties hereby agree that the Lender shall be entitled at any time prior to the Closing Date to subscribe for additional Loan Notes for up to the maximum amount of

the Further Subscription Amount. For the avoidance of doubt, the Lender shall not be obliged to subscribe for all or any of the Further Subscription Amount.

3.4 First Completion shall be conditional upon the Lender being satisfied (at their sole discretion) with:

3.4.1 Completion of satisfactory due diligence;

3.4.2 the receipt by Oegerikus de Moor of duly executed stock transfer forms in respect of the Share Transfer;

3.4.3 the Share Buy-back Agreement having been duly executed ; and

3.4.4 the Resolutions being passed.

3.5 The conditions in Clause 3.4 will require to be satisfied by 21 November 2011 and if not satisfied by the said date the Lender shall be under no obligation to invest the Initial Subscription Amount.

3.6 Subject to the satisfaction of the conditions set out in Clause 3.4, the Lender shall, telegraphically transfer on the Funding Date the Initial Subscription Amount free from any costs of transfer, payable in US Dollars (\$) to the following account:-

Bank: HSBC

Branch: 65 Cornmarket Street, Oxford OX1 3HY

IBAN: GB 42 MIDL 4005 15716 442 99

SWIFT BIC: MIDL GB 22

3.7 Immediately upon receipt of the Initial Subscription Amount Company shall deliver to each Lender a validly executed loan note certificate in the form set out in the Schedule of the Loan Note Instrument for the amount of the Initial Subscription Amount.

3.8 The Lender shall, at any time prior to 31 December 2011, be entitled to serve notice on the Company indicating that it wishes to invest further sums in consideration for the issue of additional Loan Notes and following receipt of such notice and the receipt of cleared funds in the relevant amount (without deduction of any transfer costs or expenses) to the account referred to in Clause 3.6 no later than 12.00pm (UK time) on 31 December 2011, the Company undertakes to issues Loan Note to the Lender in the relevant amount, subject always to Clause 3.9.

3.9 Any notice issued in pursuant to Clause 3.8 shall:

3.9.1 set out the amount to be subscribed for Loan Notes which shall be in multiples of \$10,000;

3.9.2 indicate the date on which funds will be received by the Company; and
be unconditional and irrevocable.

4. WARRANTIES AND INDEMNITY

4.1 The Company warrants and represents to the Lender as follows:

4.1.1 the Company and the Managers have full title and capacity to enter into this Agreement and to undertake all of their respective obligations as contemplated by this Agreement;

4.1.2 no receiver or administrative receiver has been appointed in respect of the Company nor in respect of the whole or any part of its assets or undertaking;

4.1.3 no administration order has been made and no petition has been presented to the Company for such an order in respect of the Company;

4.1.4 no meeting has been convened at which a resolution shall be proposed, no resolution has been passed, no petition has been presented and no order has been made for the winding up of the Company;

4.1.5 the Company has not stopped or suspended payment of its debts, nor is it unable to pay its debts (within the meaning of section paragraphs (a) to (d) (inclusive) of 123 of the Insolvency Act 1986);

4.1.6 no unsatisfied judgement, order or award is outstanding against the Company and no written demand under section 123(1)(a) of the Insolvency Act 1986 has been received by the Company, no distress or execution has been levied on, or other process commenced against any asset of the Company;

4.1.7 no voluntary arrangement has been proposed under section 1 of the Insolvency Act 1986 in respect of the Company;

4.1.8 the Company it is a limited company duly organized, validly existing and in good standing under the laws of England and Wales

- 4.1.9 the Company has taken all necessary corporate, shareholder and other actions to authorise the execution, delivery and performance of this Agreement;
- 4.1.10 the obligations expressed to be assumed by it in this Agreement are, in each case, legal and valid obligations, binding on it in accordance with the terms of this Agreement;
- 4.1.11 all consents, licences, approvals, authorisations, filings and registrations required in connection with the entry into and performance of this Agreement have been obtained and are in full force and effect;
- 4.1.12 the execution and delivery of this Agreement and the performance by the Company will not, contravene any provision of its constitutive documents (if any) or any law, regulation, official or judicial order or any agreement, mortgage, bond or other instrument or document to which it is a party or which is binding on it or any of its assets;
- 4.1.13 the entire issued share capital of the Company is as set out below;
- Oegerikus de Moor – 105,000,000 Ordinary Shares of £0.000001 each
- Pavel Avgustinov - 7 Redeemable Shares of £1.00 each
- Neil Ongkingco - 5 Redeemable Shares of £1.00 each
- Julian Tibble - 5 Redeemable Shares of £1.00 each and
- The Chancellor, Masters and Scholars of the University of Oxford - 4,000,000 Ordinary Shares of £0.000001 each;
- 4.1.14 the Company has received duly executed stock transfer forms in respect of the Share Transfers;
- 4.1.15 the Company has a good, valid and marketable title to, or valid leases or licences of, and all appropriate authorisations to use, the assets (including all Patents and other intellectual property rights) necessary to carry on its business as presently conducted.
- 4.2 The Company acknowledges that the Lender has relied on the Warranties in entering into this Agreement.
- 4.3 In the event of breach of any of the Warranties, then, without prejudice to any other remedy which may be available to the Lender, the Company shall be liable to the

Lender for all and any loss, liability, damages, costs or expenses incurred by or claimed against the Lender as a result of or in connection with such breach.

- 4.4 The Company shall not be liable in respect of a claim for breach of a Warranty unless it has been given written notice of the claim (containing reasonable details of the grounds on which the claim is made together with an estimate, where practicable, of the extent of the claim) on or before the last to occur of the fourth anniversary of First Completion and the conversion or repayment of all Loan Notes.
- 4.5 The total aggregate liability of the Company for damages in respect of the Warranties shall not exceed the Total Subscription Amount, to the extent it has been drawn down by the Company, together with the proper and reasonable costs of recovery in respect of any claim incurred by or on behalf of the Lender.
- 4.6 The Warranties made in this Clause 4 shall be deemed to be repeated at the date of the First Completion and at the date of the Second Completion.

5. NOTICES

Any notice, request, demand or other communication to be given by one party to any other party under or in connection with the matters contemplated by this Agreement shall be in writing and shall be delivered or sent by registered post to the address of the relevant party set out below, marked for the attention of the person set out below or to such other address as that party may from time to time notify to the other parties in accordance with this Clause 5:

Company

Address: 2nd Floor, East Unit 9, Park End Street, Oxford, OX1 1HH

Marked "URGENT - For the attention of Oegerikus de Moor"

Lender

Address: 550 Kearney, Suite 510, San Francisco, California 94108

Marked "URGENT - For the attention of Mr. Joseph C. M. Hall"

- 5.1 Notices sent as above will be deemed to have been received:-
- 5.1.1 in case of delivering by hand, when delivered;
 - 5.1.2 two Business Days after the day of posting (in the case of registered post within the UK);
 - 5.1.3 four Business Days after the date of posting (in the case of registered post outside the UK).
- 5.2 Any notice or communication given under this Agreement shall not be validly served if only sent by e-mail.

6. LENDER AND COMPANY OBLIGATIONS

- 6.1 Until such time as any of the Loan Notes are converted into Conversion Shares in accordance with the Loan Note Instrument, the Lender shall be entitled to appoint a director and an observer to the Company as though it were entitled to do so as the holder of a majority of the Preferred Shares pursuant to Article 12 of the Articles. For the avoidance of doubt, immediately upon the conversion of any Loan Note the rights pursuant to this Clause 6.1 shall terminate.
- 6.2 The Company shall supply the Lender with the following information:
- 6.2.1 as soon as practicable (and in any event within 180 days after the close of each financial period) the audited accounts of the Company for that year or, in the absence of audited accounts, unaudited accounts which meet such accounting standards as companies of the same size and nature as the Company are required to meet;
 - 6.2.2 as soon as practicable (and in any event within 60 days after the end of each calendar quarter) quarterly management accounts for such quarter
- 6.3 For so long as any of the Loan Notes remain outstanding, the Company shall not, without the prior written consent of the Lender, borrow any sums on terms which confer on any relevant creditor any repayment terms to which the Loan Note are subordinated, other than trade creditors in the ordinary course of business.
- 6.4 The Lender shall ensure that all information provided by the Company pursuant to Clause 6.2.2 shall be kept strictly confidential, subject however to the Company hereby authorising the Lender to consult fully with the bankers to, and any other lenders,

investors or proposed lenders or investors in, the Company as to its affairs, provided always that the Lender shall use its reasonable endeavours to ensure that any parties to which any such disclosure is made are subject to binding obligations of confidentiality in respect of any information disclosed.

- 6.5 The Lender may disclose any information about the Company (including the subject matter of this Agreement) as required by law or by any regulatory authority to which the Lender is subject provided that the Lender shall first notify the Company of the terms of such disclosure (unless such notification would result in a breach by the Lender of any binding legal or regulatory obligation).
- 6.6 Subject to the terms of Clauses 6.4 and 6.5 the terms of this Agreement shall be confidential and:
 - 6.6.1 any press release or other public announcement on the subject matter of this Agreement shall be agreed between the Company and the Lender; and
 - 6.6.2 no other announcements or disclosure of such subject matter shall be made by or on behalf of the Company, the Lender, or by any of their subsidiaries, shareholders, stock holders or partners.
- 6.7 The Company shall, within one month of the Funding Date, arrange keyman insurance in respect of Oegerikus de Moor in the amount of \$2,160,000, with the Company being noted as the beneficiary under such policy.
- 6.8 The Company shall not, without the prior written consent of the Lender, grant options to subscribe for shares in the Company, to employees, consultant or directors of the Company, in respect of an aggregate number of share in excess of 24,222,222.
- 6.9 The Company undertake to use all reasonable endeavours to ensure that the stock transfer forms in respect of the Share Transfer are submitted to the Stamp Office, together with payment of the applicable Stamp Duty, as soon as reasonably practicable following First Completion and upon return of the duly stamp stock transfer forms, to enter the name of Oegerikus de Moor in the Company's Register of Members as the holder of the relevant redeemable shares.
- 6.10 The Lender hereby warrants, represents and undertakes to the Company as follows:
 - 6.10.1 Except during the existence of any uncured Event of Default by the Company, the Security shall not (whether by operation of law or as a result of any action taken by the Lender or any holder of Loan Notes) restrict the Company in any

way, in respect of its use of the Patents (including but not limited to licensing, sub-licensing or granting of any other rights of use), other than by prohibiting the Company from transferring title to the Patent to any party other than the Lender or the holders of Loan Notes;

- 6.10.2 the Lender shall, and shall procure that any holder of Loan Notes shall, execute and deliver to the Company any document which the Company might reasonably require in order to ensure that the Company has the freedom to utilise the Patents as contemplated by Clause 6.10.1;
- 6.10.3 the Lender hereby appoints Oegerikus de Moor as its duly authorised attorney to execute any documents that may be required pursuant to Clause 6.10.2;
- 6.10.4 in respect of any consent or release which may be required by the Lender at any time pursuant to the Security, in order that Company has the freedom to utilise the Patents as contemplated by Clause 6.10.1, the Lender hereby consents to all licences, sub-licences and other rights of use which may be granted by the Company at any time in respect of the Patent except any licences, sub-licences and other rights of use which the Company might otherwise have sought to enter into during the existence of any uncured Event of Default by the Company but without prejudice to any licences, sub-licences and other rights of use entered into prior to the occurrence of such Event of Default;
- 6.10.5 the Lender hereby undertakes not to seek to enforce the Security or seek to take legal title to the Patents, other than in accordance with the Loan Note Instrument and upon having given the Company at least 60 Business Days notice of any such enforcement action.

7. ASSIGNMENT AND VARIATION

- 7.1 The Lender may not assign or novate its rights and obligations pursuant to this Agreement without the consent of the Company.
- 7.2 This Agreement shall be capable of being terminated, varied or amended only with the prior written consent of the Company and the Lender.

8. **ENTIRE AGREEMENT**

8.1 This Agreement and the documents referred to in it, constitute the entire agreement and understanding of the parties and supersedes any previous agreement between the parties relating to the subject matter of this agreement.

8.2 No term of this Deed is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

9. **COSTS**

Each party shall be responsible for its own cost incurred in connection with this Agreement.

10. **SEVERABILITY**

If any provision of this Agreement shall be found by any court or analogous administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement and all provisions unaffected by such invalidity or unenforceability shall remain in full force and effect. The parties hereby agree to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision that achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

11. **COUNTERPART**

This Agreement may be executed in several counterparts (whether original or facsimile counterparts) and upon due execution of all such counterparts by one or more parties, each counterpart shall be deemed to be an original hereof.

12. **GOVERNING LAW AND ARBITRATION**

12.1 This Agreement, except with respect to matters the Security (which shall be governed by the laws of the State of Delaware without reference to conflicts of laws principles), shall be governed by, and construed in accordance with, the laws of England.

12.2 The courts of England shall, subject to Clause 12.3, have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Agreement, other than with respect to matters arising in connection with the Security, jurisdiction over which

shall lie with the courts of the State of Delaware without reference to conflicts of laws principles. Accordingly, any proceedings relating to, or in connection with, this Agreement, the Loan Note Instrument or the Loan Notes, other than with respect to matters arising in connection with the Security, may be brought in courts of England, while any proceedings relating to, or in connection with, matters arising in connection with the Security may be brought in courts of the State of Delaware.

- 12.3 The Company shall be entitled to take any action to enforce its rights pursuant to Clause 6.10 in any jurisdiction where such action may be necessary in order to ensure that the Company is not restricted from utilising the Patents in any manner which is otherwise permitted under the warranties and undertakings set out in Clause 6.10.

SCHEDULE

Loan Note Instrument

THIS CONVERTIBLE LOAN NOTE INSTRUMENT is made on November 2011 by:

SEMMLE LIMITED, incorporated and registered in England and Wales (Company Number 06037169) whose registered office is at 2nd Floor, East Unit 9, Park End Street, Oxford, OX1 1HH (the "Company").

BACKGROUND

By exercising the powers conferred on them by the Articles, the Directors of the Company have, by a resolution passed on 21 November 2011, created TWO MILLION \$1.00 (US DOLLAR) convertible loan notes and have agreed to constitute them in accordance with the terms of this Instrument.

AGREED TERMS

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this clause 1 apply in this Instrument.

"Adjustment Event" means any sub-division or consolidation of Shares;

"Amount" means the aggregate amount of principal outstanding in respect of all issued Notes, denominated in US Dollars, but excluding, for the avoidance of doubt, any interest that may have accrued on any Notes;

"Articles" means the articles of association of the Company, as amended or superseded from time to time;

"Business Day" means a day (other than a Saturday, Sunday or public holiday) on which banks in London are open for normal banking business or where such term relates to the service of any notice or the transfer of funds, means any day from Monday to Friday inclusive which is not a local, public or statutory holiday in the country of residence of the recipient or the payer respectively;

"Change of Control" means (i) a merger or consolidation in which the Company's shareholders immediately before the transaction do not own, immediately after the transaction, directly or indirectly, more than 50% of the share capital or equity ownership of the ongoing trade entity; (ii) the acquisition of more than 50% of

the Company's issued share capital by a single person, entity or group or persons or entities acting in concert who were not shareholders of the Company prior to the transaction or connected with shareholders of the Company prior to the transaction; or (iii) the sale or transfer of all or substantially all of the assets of the Company, or (iv) the sale or transfer of any of the shares held by Oegerikus de Moor, except where such a transfer is an Exempt Transfer;

"Certificate" means a certificate for Notes in the form (or substantially in the form) set out in Part 1 of the Schedule;

"Conditions" means the conditions attaching to the Notes, as set out in Parts 2 to 4 of the Schedule;

"connected person" shall have the meaning given to that expression in section 993 of the Income Tax Act 2007 and "connected with" shall be construed accordingly;

"Conversion Date" means:

upon a Preferred Financing, simultaneously with the completion of the Preferred Financing;

upon a Conversion Request, simultaneously with the completion of the Conversion Request Event or as soon as reasonably practicable (being not more than 10 Business Days) after the Conversion Request Event;

upon a Change of Control, simultaneously with the completion of the Change of Control or as soon as reasonably practicable (being not more than 10 Business Days) after the Change of Control;

upon a Conversion on Maturity, the first Business Day after the Maturity Date;

"Conversion Percentage Price" means the price per Conversion Share or Equity Security, as the case may be, calculated by dividing the Convertible Balance by the Conversion Percentage Share Number;

- "Conversion Percentage Share Number"** means the number of Conversion Shares which are required to be issued pursuant to any conversion of Notes in accordance with this Instrument, being a number equal to:
- $$(C * S) / (1 - C)$$
- where:
- C = the Amount / \$11,428,571.40; and
- S = the Fully Diluted Share Capital;
- "Conversion Price"** means either:
- upon a Preferred Financing, the lower of the Conversion Percentage Price and the Discounted Price;
 - upon a Conversion Request, the Discounted Price;
 - upon a Change of Control or a Maturity Conversion Notice, the Conversion Percentage Price;
- "Conversion Request"** shall have the meaning set out in paragraph 2 of Part 3A of the Schedule;
- "Conversion Request Event"** means the issue by the Company of any Equity Security or any instrument convertible into any Equity Security other than (i) a Preferred Financing; or (ii) options issued to employees or advisors, or Equity Securities issued upon exercise of such options; or (iii) any reclassification of Ordinary Shares into redeemable shares;
- "Conversion Shares"** means such number of Shares as shall be issued in accordance with this Instrument, such Shares comprising the following classes of Share:
- in the event of a Conversion Request Event, such class of Shares as are issued to subscribers for Shares pursuant to such Conversion Request Event;
 - in the event of a Preferred Financing, such senior class of Shares as are issued to subscribers for Shares pursuant to such Preferred Financing;

in the event of a Change of Control, Ordinary Shares;

in the event of a Maturity Conversion Notice, Preferred Shares;

"Convertible Balance" means the outstanding amount of principal and accrued but unpaid interest on the Notes immediately prior to any conversion, denominated in US Dollars;

"Directors" means the board of directors for the time being of the Company;

"Discounted Price" means a 20% discount to applied to:

in the event of a Preferred Financing, the lowest price paid per Conversion Share by investors pursuant to the Preferred Financing;

in the event of a Conversion Request, the lowest price paid (or due to be paid upon any exercise of any right to subscribe for shares) per Equity Security by subscribers for Equity Securities pursuant to the Conversion Request Event;

"Employee Share Option Scheme" means the Enterprise Management Incentive share options scheme adopted by the Company on or around the date of this Instrument;

"Equity Securities" has the meaning given in section 560 of the Companies Act 2006;

"Escrow Agreement" means the software escrow security agreement entered into between the Company and Semmler Capital Partners LLC in connection with the Patent security matters contemplated by Paragraph 6 of Part 2 of the Schedule;

"Exempt Transfer" any transfer (or deemed transfer) of Shares as a result of any compulsory transfer pursuant to Article 9 of the Articles or as a result of the death of the relevant shareholder;

"Existing Subscription Agreement" means the existing subscription agreement entered into between the Company, Isis Innovation Limited, Oxford

University and Oegerikus de Moor on 2 June 2010;

"Event of Default"	means any of the events set out in paragraph 4 of Part 2 of the Schedule;
"Interest Rate"	means 4% per annum;
"Fully Diluted Share Capital"	means the fully diluted share capital of the Company immediately prior to the conversion of any Notes into Conversion Shares in accordance with this Instrument, including all shares issuable on the exercise of any outstanding options or warrants (whether pursuant to employee share options or otherwise) and all shares subject to issue under the Employee Share Option Scheme as of the date hereof upon the exercise of any option granted thereunder after the date hereof, but excluding, for the avoidance of doubt, any Preferred Shares or Equity Securities which may be issued pursuant to this Instrument, any Conversion Request Event, any Change of Control or any Preferred Financing;
"Maturity Conversion Notice"	shall have the meaning set out in paragraph 3 of Part 3A of the Schedule;
"Maturity Date"	the first to occur of (i) the second anniversary of the date of execution of this Instrument, (ii) the date upon which a Change of Control occurs and (iii) the date upon which any of the events specified in paragraph 4 of Part 2 of the Schedule occurs;
"Notes"	means the \$2,000,000 convertible loan notes constituted by this Instrument or, as the case may be, the principal amount from time to time issued and paid up and outstanding, and principal amount shall be construed accordingly;
"Noteholders"	means the persons for the time being entered in the register as holders of the Notes;
"Noteholder Majority"	means such Noteholders who together hold more than 75% of the aggregate amount outstanding in respect of the Notes.

in issue from time to time;

- "Oegerikus de Moor"** means Oegerikus de Moor residing at 70 Warwick Street, Oxford OX4 1SX;
- "Ordinary Share(s)"** means the ordinary shares of £0.000001 in the share capital of the Company;
- "Preferred Financing"** means the Company raising after the date hereof at least \$5,000,000 in gross proceeds (before the deduction of any transaction fees, costs and expenses and excluding, for the avoidance of doubt, the Convertible Balance) before the Maturity Date from a single issue or a related, interdependent series of issues of Preferred Shares (or any Shares with rights upon a return of capital greater than or equal to Preferred Shares);
- "Preferred Share(s)"** means the preferred shares of £0.000001 in the share capital of the Company;
- "Schedule"** means the schedule in four parts annexed to this Instrument;
- "Security Warranties and Undertakings"** means the warranties and undertakings granted by Semmler Capital Partners LLP pursuant to Clause 6.10 of the Subscription Agreement;
- "Shares"** means the shares in the capital of the Company;
- "Subscription Agreement"** means the subscription agreement entered into between the Company and Semmler Capital Partners LLP on or about the date hereof.

- 1.2 Any phrase introduced by the terms **including**, **include** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.3 The Schedule forms part of (and is incorporated into) this Instrument.
- 1.4 A **person** includes a corporate or unincorporated body.

- 1.5 Words in the singular include the plural and vice versa.
- 1.6 A reference to a clause or a part of the Schedule is (unless expressly stated otherwise) a reference to a clause of, or part of the Schedule annexed to, this Instrument.
- 1.7 Clause and schedule headings do not affect the interpretation of this Instrument.
- 1.8 A reference to one gender includes a reference to the other gender.
- 1.9 Except as otherwise provided, expressions defined in the Companies Act 2006 shall be read as if defined in that way in this Instrument.

2. NOMINAL AMOUNT AND CURRENCY

- 2.1 The nominal amount of each Note is \$1.00 (ONE US DOLLAR) and the aggregate principal amount of all the Notes is \$2,000,000 (TWO MILLION US DOLLARS).
- 2.2 Any amount due to be paid or repaid pursuant to this Instrument shall be payable in US dollars and any Conversion Price shall be calculated in US dollars, with the share capital of the Company being credited as paid up in pounds sterling, calculated by applying the rate of exchange published in the Financial Times on the date of issue of any Conversion Shares.

3. RANKING

All the Notes shall rank pari passu, equally and rateably, without discrimination or preference and as obligations of the Company under this Instrument. All the obligations and covenants contained in this Instrument shall be binding on the Company and the Noteholders and all persons claiming through them.

4. USE OF PROCEEDS

The proceeds of all subscriptions for the Notes shall be used solely to fund the Company's working capital and capital expenditure requirements.

5. LOAN NOTE CERTIFICATES

- 5.1 Each Noteholder, shall be entitled to receive (without charge) a Certificate executed on behalf of the Company for the amount of Notes held by him.
- 5.2 Every Certificate shall have copies of Parts 2, 3 and 4 of the Schedule endorsed on or attached to it.

6. CONDITIONS OF ISSUE

The Notes shall be issued on the date on which the relevant Noteholder provides the Company with the applicable subscription funds. The Notes shall be issued subject to, and with the benefit of, the Conditions. The Conditions shall be binding on the Company, the Noteholders and all persons claiming through or under them.

7. NOTES REGISTER

7.1 The Company shall keep, or cause to be kept, a register of the Notes at its registered office showing:

- 7.1.1 the names and addresses of the Noteholders for the time being of the Notes;
- 7.1.2 the amount of the Notes held by every Noteholder and the principal monies paid up on them;
- 7.1.3 the date on which the name of that Noteholder is entered in respect of the Notes standing in his name;
- 7.1.4 the serial number of each Certificate issued and the date of its issue; and
- 7.1.5 the date on which a person ceased to hold the Notes.

7.2 Any change of name or address of any Noteholder shall immediately be notified to the Company and, on receipt, the register shall be altered accordingly. The Noteholders (or any of them) and any person authorised in writing by any of them may, at all reasonable times during office hours, inspect the register and take copies of it or extracts from it. The Company may, however, close the register for such periods and at such times as the Company thinks fit, provided that the register is not closed for more than 30 Business Days in any one year.

8. NOTES NOT TO BE QUOTED

No application has been, or is intended to be, made to any listing authority, stock exchange or other market for the Notes to be listed or otherwise traded.

9. ENFORCEMENT

The Company covenants with each of the Noteholders to perform and observe the obligations in this Instrument to the intent that this Instrument shall enure for the benefit of all persons for the time being registered as holders of any Notes.

10. WARRANTIES

The Company warrants and represents to each of the Noteholders as follows:

- 10.1 it is a limited company duly organized, validly existing and in good standing under the laws of England and Wales, and has the power and authority to enter into this Instrument and to issue the Notes and to exercise its rights and perform its obligations under this Instrument and the Notes;
- 10.2 it has taken all necessary corporate, shareholder and other actions to authorise the execution, delivery and performance of this Instrument and the Notes;
- 10.3 the obligations expressed to be assumed by it in this Instrument and the Notes are, in each case, legal and valid obligations, binding on it in accordance with the terms of this Instrument and the Notes;
- 10.4 all consents, licences, approvals, authorisations, filings and registrations required in connection with the entry into and performance of this Instrument and the Notes issued by it have been obtained and are in full force and effect; and
- 10.5 the execution and delivery of this Instrument and the performance by it of its obligations under this Instrument and the Notes do not, and will not, contravene:
 - 10.5.1 any provision of its constitutive documents (if any); or
 - 10.5.2 any law, regulation, official or judicial order or any agreement, mortgage, bond or other instrument or document to which it is a party or which is binding on it or any of its assets.

11. SET-OFF

Each Noteholder shall be recognised by the Company as entitled to the Notes registered in his name free from any rights of counterclaim or set off and without any deduction or withholding of any kind.

12. VARIATION

This Instrument and the Notes shall be capable of being varied or amended (including in relation to any variation in the Maturity Date) only with the prior written consent of the Company and the Noteholder Majority and any such variation or amendment shall have effect in respect of all Notes issued hereunder, notwithstanding that any Noteholder may not have approved such matter.

13. SEVERABILITY

If any provision of this Instrument shall be found by any court or analogous administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Instrument and all provisions unaffected by such invalidity or unenforceability shall remain in full force and effect. The Company hereby covenants with each of the Noteholders to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision that achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

GOVERNING LAW AND JURISDICTION

- 13.1 This Instrument and the Notes, except with respect to matters arising in connection with the security interests in the Patents contemplated by paragraph 6 of Part 2 of the Schedule (which shall be governed by the laws of the State of Delaware without reference to conflicts of laws principles), shall be governed by, and construed in accordance with, the laws of England.
- 13.2 The courts of England shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Instrument, other than with respect to matters arising in connection with the security interests in the Patents contemplated by paragraph 6 of Part 2 of the Schedule (jurisdiction over which shall lie with the courts of the State of Delaware without reference to conflicts of laws principles). Accordingly, any proceedings relating to, or in connection with, this Instrument or the Notes, other than with respect to matters arising in connection with the security interests in the Patents contemplated by paragraph 6 of Part 2 of the Schedule, may be brought in courts of England, while any proceedings relating to, or in connection with, matters arising in connection with the security interests in the Patents contemplated by paragraph 6 of Part 2 of the Schedule may be brought in courts of the State of Delaware without reference to conflicts of laws principles.
- 13.3 This Clause 13 is subject to the terms of Clause 12.3 of the Subscription Agreement.

SCHEDULE PART 1

Form of certificate

SEMMLE LIMITED incorporated in England and Wales with registered number 06037169 (Company).

CERTIFICATE NO. [NUMBER]

AMOUNT OF NOTES \$[AMOUNT]

ISSUE of up to \$2,000,000 fixed rate convertible loan notes (Notes).

Issued pursuant to the memorandum and articles of association of the Company and created by a resolution of the directors passed on [DATE].

This is to certify that [NAME[S]] of [ADDRESS[ES]] is/are the registered holder(s) of the nominal amount stated above of the Notes constituted by a loan note instrument dated [DATE] November 2011 (Instrument) and made by the Company. The Notes are issued subject to, and with the benefit of, the provisions contained in the Instrument and the conditions and other provisions endorsed on this certificate and/or attached to it (Conditions).

Notes:

No transfer of any part of the Notes represented by this Certificate can be registered without production of this Certificate.

The Notes are transferable in integral multiples of [\$10,000] or more in accordance with Part 4 of the Schedule of the Instrument a copy of which is attached to this Certificate.

The Notes are redeemable and convertible in accordance with the terms and conditions contained in Part 2 and 3 of the Schedule of the Instrument a copy of which is attached to this Certificate.

The Notes are governed by, and construed in accordance with, the laws of England and Wales.

Executed for and on behalf of **SEMMLE LIMITED**

acting by [NAME OF FIRST DIRECTOR] and

[NAME OF SECOND DIRECTOR or SECERTARY]

on [DATE] 2011

SCHEDULE PART 2**Interest, Redemption, Change of Control and Security****1. INTEREST**

- 1.1 Interest on any Notes issued pursuant to this Instrument shall accrue from the date of issue of the relevant Note (**Interest Date**) at the Interest Rate.
- 1.2 Any interest due under paragraph 1.1 of this Part 2 of the Schedule shall accrue and shall be paid on the Maturity Date (unless converted in accordance with this Instrument).
- 1.3 Interest, if payable, shall accrue daily at the Interest Rate and shall be calculated on the basis of a 365-day year and the actual number of days elapsed from the Interest Date to the Maturity Date or the Conversion Date as the case may be.

2. REPAYMENT OF PRINCIPAL

- 2.1 Subject to the other terms of this Instrument, and as and when the Notes are to be redeemed in accordance with paragraph 4 of this Part 2 of the Schedule, the Company shall pay the Noteholders the full principal amount of the Notes which are to be redeemed together with all interest accrued to that date, the amounts received being first applied against accrued interest.
- 2.2 All such payments shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise whatsoever), unless the deduction or withholding is required by law, in which event the Company shall:
 - 2.2.1 ensure that the deduction or withholding does not exceed the minimum amount legally required;
 - 2.2.2 pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding; and
 - 2.2.3 furnish to each of the Noteholders concerned within the period for payment permitted by the relevant law, a certificate of deduction or equivalent evidence of the relevant deduction or withholding.
- 2.3 Except as otherwise provided herein, without the prior written consent of the Noteholder of a Note, no amount of principal or interest due under such Note may be prepaid.

3. TIME OF PAYMENT

Whenever any payment of principal (or otherwise) becomes due on a day which is not a Business Day, payment shall be made on the next following Business Day.

4. EVENTS RESULTING IN REDEMPTION

4.1 At the election of the Noteholders of a Note, such Note shall become immediately due and redeemable at the principal amount, together with any interest on the Note outstanding, if:

4.1.1 a petition is presented or an application is made to a court for an administration order in relation to the Company or any of its subsidiaries; or

4.1.2 an order is made, or an effective resolution is passed, for the winding-up, liquidation, administration or dissolution of the Company (except for the purpose of reorganisation or amalgamation of the Company or any of its subsidiaries); or

4.1.3 an encumbrancer takes possession or a liquidator, administrator, receiver, receiver and manager or administrative receiver or similar officer is appointed of the whole or any part of the assets or undertaking of the Company or any of its subsidiaries, or filing of notice of an intention to appoint such a liquidator, administrator, receiver, receiver and manager or administrative receiver or similar officer, or if attachment, sequestration, distress, execution or other legal process is levied or enforced on or against the whole or any part of the assets of the Company or any of its subsidiaries and is not discharged, paid out, withdrawn or removed within 5 Business Days; or

4.1.4 the Company or any of its subsidiaries stops payment of its debts or is unable to pay its debts generally or ceases to carry on its business or a substantial part of its business; or

4.1.5 the Company or any of its subsidiaries is deemed for the purposes of section 123 Insolvency Act 1986 to be unable to pay its debts or compounds or proposes or enters into any reorganisation, composition, compromise or special arrangement with its creditors generally; or

4.1.6 any steps are taken by any person to obtain a moratorium; or

- 4.1.7 proceedings are commenced under any law, regulation or procedure relating to the reconstruction or adjustment of debts; or
 - 4.1.8 the Company is in breach of any obligation owed to any Noteholders under this Loan Note Instrument, any Note and/or the Subscription Agreement.
- 4.2 All of the Notes then in issue (together with any interest accrued and outstanding on the principal amount of the Notes to be redeemed) shall become immediately due and redeemable on the Maturity Date, unless the relevant Noteholder has issued a Maturity Conversion Notice.
- 4.3 At all times prior to, but not after, the Maturity Date, the Company shall give written notice to the Noteholders immediately upon it becoming aware that a Change of Control is likely to occur or has occurred, giving reasonable details of that event and following receipt of such notice each Noteholders shall be entitled to:
- 4.3.1 Take no further action; or
 - 4.3.2 Issue a notice in writing to the Company within 5 Business Days of receipt of such Notice (which shall be deemed to be conditional upon any Change of Control becoming effective) indicating that that it wishes redeem all (and not part only) of the outstanding Notes held by it (together with all amounts of accrued but unpaid interest), at a premium equal to 200% of the amount outstanding Notes held by it (together with all amounts of accrued but unpaid interest), and immediately upon receipt of such notice the Company shall become liable to make such payment to the Noteholder on the date falling 10 Business Days after the Change of Control has become effective, and subject to the foregoing the terms of paragraph 5 of this Part 2 of the Schedule shall apply; or
 - 4.3.3 Issue a notice in writing to the Company within 5 Business Days of receipt of such Notice (which shall be deemed to be conditional upon any Change of Control becoming effective) indicating that that it wishes to convert all (and not part only) of the outstanding Notes held by it (together with all amounts of accrued but unpaid interest) into Ordinary Shares in accordance with this Instrument.

5. ACTION FOLLOWING REDEMPTION

- 5.1 The Company shall give written notice to the Noteholders immediately on the Company becoming aware of the occurrence of an event specified in paragraph 4.1 of this Part 2 of the Schedule, giving reasonable details of that event.
- 5.2 Every Noteholder any part of whose Notes is due to be redeemed shall not later than three months before the due date for such redemption deliver up to the Company at its registered office for the time being the Certificate(s) for his Notes which are due to be redeemed in order that the same may be cancelled and upon such delivery the Company shall pay to the Noteholder the amount payable to him in respect of such redemption (including accrued interest) and such payment shall be made to the order of and sent to the registered address of the Noteholder entitled thereto or made payable to the order of such person and sent to such address as the registered Noteholder may in writing direct.
- 5.3 If any Noteholder any part of whose Notes is liable to be redeemed shall fail or refuse to deliver up the Certificate(s) for such Notes at the time and place fixed for the redemption or shall fail or refuse to accept payment of the redemption moneys the moneys payable to such Noteholder shall be set aside by the Company and paid into a separate interest bearing bank account (and the Company shall be under no obligation to obtain a higher or good rate of interest thereon in comparison to rates generally offered) and held by the Company in trust for such Noteholder and such setting aside shall be deemed for all the purposes of these Conditions to be a payment to such Noteholder and the Company shall thereby be discharged from all obligation in connection with such Notes so liable on that occasion to be redeemed. If the Company shall place the said moneys on deposit at a bank the Company shall not be responsible for the safe custody of such moneys or for interest thereon except such interest (if any) as the said moneys may earn whilst on deposit less any reasonable expenses incurred by the Company in connection therewith. Any such amount so paid or deposited which remains unclaimed after a period of six years from the making of the payment or deposit shall revert to the Company notwithstanding that in the intervening period the obligation to pay the same may have been provided for in the books of account and other records of the Company.
- 5.4 The Company shall cancel any Notes repaid or redeemed and shall not reissue them.
- 5.5 If the Company has insufficient funds to repay or redeem all Notes due for repayment or redemption, it will redeem or repay the Notes to each Noteholder on a pro rata basis

according to the proportion that each Noteholder's respective Notes bear to the aggregate issued Notes.

6. **SECURITY**

6.1 The Company's performance of all of its obligations under this Loan Note Instrument, each Note and the Subscription Agreement shall be secured by, and the Company does hereby pledge as such security, a perfected first priority security interest in all of the Company's right, title and interest in US Patent Application(s) pending 20090240649, 20090234801, 20090177640, and application serial numbers 12/349,761, 12/402,046, 12/406,611, 13/183,514 and 13/215,637 including as each or any of them may be supplemented and amended (each and in any combination, "Patent"). Such security interest(s) shall be perfected by U. S Patent and Trademark Office and Delaware or other state Uniform Commercial Code filings and amended filings requested by Semmler Capital Partners LLP and executed and delivered by the Company for filing contemporaneously with the execution and delivery of each Note. In the event more than one (1) Note is issued hereunder, the security interests of all Noteholders hereunder shall have equal priority as between them, and each shall represent a prorata security interest in each Patent based upon the amount of then-outstanding principal and interest under the individual Note to which they relate as a percentage of the amount of all then-outstanding principal and interest under all Notes. In connection therewith, the Company and each Noteholder shall as part of the applicable closing execute and deliver, and take all other actions reasonably necessary or desirable, to permit all Noteholders to acquire and perfect their prorata security interest in each Patent. Notwithstanding the preceding, each Noteholder's security interest in all Patents shall be released in full upon and to the extent of any conversion of such Noteholder's Note into Conversion Shares or other shares or upon any repayment of such Noteholder's Note. The security interest created by this paragraph 6.1 shall be conditional upon First Completion (as defined in the Subscription Agreement) taking place.

6.2 As further security for the Company's performance of all of its obligations under this Loan Note Instrument, each Note and the Subscription Agreement and on the additional terms and conditions of the Escrow Agreement, the Company shall deposit with Joseph C M Hall upon execution and delivery of the Note hereunder, and every six months thereafter, a current copy of all source and object code for the software program(s) covered by each Patent.

- 6.3 Notwithstanding the preceding, each Noteholder's security interest in all Patents shall be released in full upon any material breach by Semmler Capital Partners of the Security Warranties and Undertakings.
- 6.4 No Noteholder shall be entitled to enforce the security interest created by this paragraph 6, or seek take legal title to the Patents, other than upon a material breach by the Company of its obligations pursuant to this Loan Note Instrument, any Note or the Subscription Agreement and upon having given the Company at least 60 Business Days notice of any such enforcement action.

SCHEDULE PART 3

Part 3A. Conversion

1. All outstanding Notes, together with all amounts of accrued but unpaid interest, shall automatically convert into fully paid Conversion Shares at the Conversion Price upon a Preferred Financing. For the avoidance of doubt, on a Preferred Financing all outstanding Notes shall be converted and no Notes shall be capable of remaining outstanding.
2. The Company shall give written notice to the Noteholders immediately upon it becoming aware that a Conversion Request Event is likely to occur or has occurred, giving reasonable details of that event and following receipt of such notice each Noteholders shall be entitled to:
 - 2.1.1 Take no further action; or
 - 2.1.2 Issue a notice in writing to the Company within 20 Business Days of receipt of such Notice (which shall be deemed to be conditional upon any Conversion Request Event becoming effective) indicating that that it wishes to convert all (and not part only) of the outstanding Notes held by it (together with all amounts of accrued but unpaid interest) into such class of Shares as are issued to subscribers for Shares pursuant to such Conversion Request Event (a "Conversion Request").
3. Any Noteholder may at any time from 30 June 2013 to the third Business Day prior to the Maturity Date issue a notice in writing to the Company that it wishes to convert all (and not part only) of the outstanding Notes held by it, together with all amounts of

accrued but unpaid interest, into Conversion Shares on the first Business Day after the Maturity Date (a "Maturity Conversion Notice").

4. Interest shall continue to accrue on any Notes that are subject to a Conversion Request or Maturity Conversion Notice until the respective Conversion Date.
5. Conversion Requests and Maturity Conversion Notices shall be irrevocable but shall be deemed to be subject to the condition that no Preferred Financing shall have been completed on or before the relevant Conversion Date and in the event that any Preferred Financing is completed on or before the Maturity Date, all Notes shall be converted in accordance with paragraph 1 of this Part 3A of the Schedule and any Conversion Request or Maturity Conversion Request shall be deemed to be of no further force or effect.
6. If an Adjustment Event has occurred (or is intended to occur) since the issue of the relevant Notes and prior to the date of conversion, the professional advisors or auditors of the Company for the time being shall, at the request of the Company, certify to the Company in writing (at the Company's expense) the adjustments to the number and nominal value of the Conversion Shares to be converted or to the basis for calculation of conversion rights which they consider to be necessary so that, after such adjustment and on conversion, the relevant Noteholders shall be entitled to receive the same percentage of the issued share capital of the Company carrying the same proportion of votes exercisable at a general meeting of shareholders and the same entitlement to participate in distributions of the Company, in each case as nearly as practicable, as would have been the case had no Adjustment Event occurred (and making such reduction or increase as is necessary to the premium arising on the issue and allotment of the Conversion Shares on conversion of the Notes). The Company shall then notify the relevant Noteholders in writing of the necessary adjustment as determined by the professional advisors or auditors.
7. Notwithstanding any other provision in this Instrument, the Company shall be entitled at any time to consult with the Noteholders regarding the likelihood of future conversion or redemption of the Notes and the Noteholders shall be obliged, without prejudice to any subsequent course of action, to respond in good faith to any reasonable consultation requests issued by the Company pursuant to this paragraph.

Part 3B. Procedures on conversion

1. On the Conversion Date, the Directors shall convert the principal amount of the Notes and all amounts of accrued but unpaid interest into such number of new fully paid Conversion Shares at the Conversion Price, in accordance with the following provisions of paragraph 2 to paragraph 6 this Part 3B of the Schedule, and the Company shall allot a corresponding number of Conversion Shares.
2. Conversion of the Notes shall be implemented by the Company redeeming the relevant Notes and accrued but unpaid interest on the Conversion Date. Each Noteholder whose Notes are being converted shall be deemed to irrevocably authorise and instruct the Company to apply the outstanding principal redemption moneys payable to that Noteholder and all accrued but unpaid interest in subscribing for Conversion Shares on conversion of the Notes at the relevant Conversion Price.
3. Conversion Shares arising on conversion of the Notes shall be issued and allotted by the Company on the Conversion Date fully paid in respect of all amounts of nominal value and share premium comprised in the Conversion Price.
4. The Conversion Shares arising on conversion of the Notes shall be credited as fully paid and rank pari passu with relevant Shares of the same class in issue on the Conversion Date and shall carry the right to receive all dividends and other distributions declared after the Conversion Date.
5. The entitlement of each Noteholder to a fraction of a Conversion Share shall be rounded down to the nearest whole number of Conversion Shares which result from the conversion of the Notes and any balance of capital or interest not capable of being converted into a whole number of Conversion Shares shall be payable by the Company in cash to the relevant Noteholder within 10 Business Days.
6. The Company undertakes that, while the Notes remain in issue, it shall (pending either the payment of any redemption moneys in respect of the Notes or the issue of the Conversion Shares on conversion, each in accordance with the provisions of this Instrument):
 - 6.1 not alter the Articles in any way which would adversely affect the rights of the Noteholders without the prior written consent of a Noteholder Majority;
 - 6.2 not proceed with a Preferred Financing without first obtaining sufficient shareholder authorisations to satisfy in full, without the need for the passing of any

further resolutions of its shareholders, the outstanding rights of conversion for the time being attaching to the Notes pursuant to paragraph 1 of Part 3A of the Schedule, without first having to offer the same to any existing shareholders of the Company or any other person. The Notes cannot be converted under paragraph 1 of Part 3A of the Schedule until such authority is obtained; and

6.3 notify each Noteholder in writing as soon as reasonably practicable after the relevant board or general meeting of shareholders (whichever is the earliest) has resolved to implement an Adjustment Event specifying the prospective date of the Adjustment Event and the proposed terms of it.

7. Completion of the conversion of Notes will take place at the registered office of the Company on the relevant Conversion Date, at which time the allotment of Conversion Shares shall be written up in the Register of Members of the Company maintained by the Company at its registered office. Upon completion of the conversion:

7.1 the Noteholder will surrender to the Company its Certificate for the Notes to be converted;

7.2 the Company will deliver to the Noteholder (free of charge):

7.2.1 definitive Share Certificates (or letters of allotment to be followed by definitive Share Certificates) for the Conversion Shares to be allotted; and

7.2.2 any cash balance in respect of any part of the Notes that are not fully converted; and

7.3 the Company shall deliver all necessary documents to the Registrar of Companies regarding the Conversion Shares to be allotted (including without limitation the appropriate Form SH01);

7.4 the Company shall register the Noteholder in the Company's register of members as the holder of the allotted Conversion Shares; and

7.5 The Noteholder shall execute and deliver a deed of adherence pursuant to clause 7 of the Existing Subscription Agreement.

7.6 The Company shall cancel any Notes converted by the Company and shall not reissue them.

SCHEDULE PART 4**Transfer provisions and other matters**

1. The Company shall recognise the registered holder of any Notes as the absolute owner of them and shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Note may be subject. The Company shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to enter any notice of any trust (whether express, implied or constructive) on the register in respect of any of the Notes.
2. The Notes are only transferrable with the prior written consent of the Company. The Notes are only transferable in accordance with this Part 4 of the Schedule in integral multiples of \$10,000 or more by instrument in writing in the usual common form (or in such other form as the Directors may approve) and such instrument need not be under seal.
3. Subject to the prior written consent of the Company, each instrument of transfer shall be signed by the transferor, and the transferor shall be deemed to remain the owner of the Notes to be transferred until the name of the transferee is entered in the register in respect of such Notes.
4. Subject to the prior written consent of the Company, each instrument of transfer shall be sent to, or left for registration at, the registered office of the Company for the time being, and shall be accompanied by the Certificate(s) for the Notes to be transferred and any other evidence that the Company may require to prove the title of the transferor or his right to transfer the Notes (and, if such instrument is executed by some other person on his behalf, the authority of that person to do so). All instruments of transfer that are registered may be retained by the Company.
5. The Company shall not register the transfer of Notes which has been purported to be transferred in breach of this Part 4 of the Schedule.
6. Payment of the principal amount and all accrued interest on the Notes may be made by cheque made payable to the registered Noteholder, or to such person or persons as the registered Noteholder may in writing direct and sent to the registered Noteholder or to such address as the registered holder may in writing direct or electronically to any bank

account notified by a Noteholder to the Company for that purpose (after deduction of any third party transfer charges). Cheques may be sent through the post at the risk of the registered holder and payment of any such cheque by the bankers on whom it is drawn, and any electronic transfer in accordance with instructions received from a Noteholder, shall be good discharge to the Company.

7. If any Certificate is worn out or defaced then, on production of it to the Directors, they may cancel it and may issue a fresh Certificate in lieu. If any Certificate is lost or destroyed it may be replaced on such terms (if any) as to evidence and indemnity as the Company may reasonably require. An entry recording the issue of the new Certificate and indemnity (if any) shall be made in the register. No fee shall be charged for the registration of any transfer or for the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other documents relating to or effecting title to any Notes.
8. Any notice or other document required to be given under this Instrument shall be in writing and may be given personally to or served to the party due to receive such notice by sending it by fax or by first-class post (air mail if overseas) in a prepaid envelope addressed to its registered address or such other address as he may have notified to the other parties in accordance with this paragraph 8 of Part 4 of the Schedule. Any such notice shall be deemed to be given in the case of personal delivery on delivery and in the case of a fax transmission on completion of the transmission, and in the case of serving it by first-class post within two Business Days (four Business Days in case of air mail) after the time when it is posted and in proving such notice or service, it shall be sufficient to prove that the envelope containing the notice or document was properly addressed, stamped and posted.
9. Any notice or other document delivered or sent by post to, or left at, the registered address of any Noteholder in pursuance of these provisions shall, notwithstanding that such Noteholder is then bankrupt or in liquidation, and whether or not the Company has notice of his bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any Notes registered in the name of such Noteholder as sole holder unless his name shall at the time of the service of the notice or document have been removed from the register as the holder of the Notes, and such service shall for all purposes be deemed sufficient service of such notice or document on all persons interested in the Notes.

10. A copy of this instrument shall be kept at the Company's registered office. A Noteholder (and any person authorised by a Noteholder) may inspect that copy of the instrument at all reasonable times during office hours.

IN WITNESS WHEREOF this Instrument is executed as a deed on the day and year first above written:

EXECUTED for and on behalf of

SEMMLE LIMITED by Oegerikus de Moor,
director, before this witness

.....
Director

..... Signature

..... Print name

..... Address

.....

.....

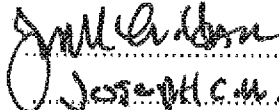
IN WITNESS WHEREOF this Subscription Agreement has been entered into the day and year first above written:

EXECUTED for and on behalf of

SEMMLE LIMITED by Oegerikus de Moor,
director, before this witness



Director



Signature

Joseph C M Hall

Print name

550 VERVAANSE WEG

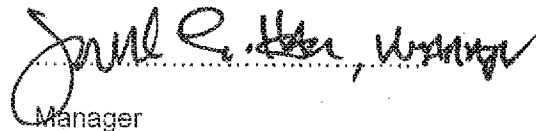
Address

SAN FRANCISCO CA 94103
USA

EXECUTED for and on behalf of

SEMMLE CAPITAL PARTNERS LLP by

Joseph C M Hall, Manager, before this witness



Manager



Signature

OEGERIUS DE MOOR

Print name

EAST UNIT, 2ND FLOOR

Address

9 PARK END ST

OXFORD OX1 1HH

UK