

**TERMS AND CONDITIONS
FOR THE SUBSCRIPTION TO
CONVERTIBLE BONDS**

ISSUED BY

KEYWARE TECHNOLOGIES NV

10, June 2008

TERMS AND CONDITIONS OF THE BONDS

1. DEFINITIONS

1.1 For the purpose of these Terms, the following terms shall have the following meaning:

"Affiliate":	with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity; “control” (and the correlative meanings such as “controlling”) as used with respect to any person or entity shall have the meaning as set out in article 5 BCC;
“BCC”:	the Belgian Company Code (“ <i>Wetboek van vennootschappen/Code des sociétés</i> ”);
"Board of Directors":	the Issuer's board of directors;
"Bonds":	the convertible bonds with a par value of EUR 50,000 each, issued by the Issuer and subscribed to by the Subscribers, in accordance with these Terms;
“Bondholders' Register”:	the register of bondholders kept at the Issuer's registered office;
“Business Day”:	a day on which banks in Brussels are open for business, except Saturdays;
“Clause”:	a clause of these Terms;
“Conversion”:	each conversion of all or part of the Bonds into Shares upon request of the Subscribers or automatically, in accordance with these Terms;
“Conversion Date”:	each date on which all or part of the Bonds will convert into Shares, being as soon as practically possible after receipt by the Board of Directors of a Conversion Notice;
“Conversion Deed”:	each notarial deed enacted on respectively the Conversion Date or any other later date agreed by the Parties at the request of the Board of Directors, establishing the Conversion of all or part of the Bonds, the subsequent capital increase and the issue of additional Shares;
“Conversion Notice”:	each notice, in the form attached as appendix 1 to this agreement, and duly completed and executed, by which a Subscriber gives notice to the Board of Directors, of its intention to convert all or part of the Bonds into additional Shares;

“Conversion Price”:	each subscription price per Share for the Shares that will be issued to a Subscriber upon Conversion, as set out in Clause 8.2;
“Default”:	<p>any situation in which the Issuer:</p> <ol style="list-style-type: none"> (1) fails to pay principal or interest on any relevant due date, and in general, materially breaches any Clause of these Terms, which failure or breach is not remedied on or before the fifteenth day after it has occurred; (2) fails to deliver the listed newly issued Shares to a Subscriber, as set out in clause 8.5(a), and that failure is not remedied on or before the fifteenth day after it occurs; (3) is suspended of trading for a period of more than seven consecutive days or is delisted; (4) will be dissolved; (5) ceases payments of all or a material part of its debts as they fall due on a persistent basis (<i>op duurzame wijze/ de manière persistante</i>), or admits its insolvency in writings; (6) starts a voluntary bankruptcy procedure or any other recovery measure or procedure with a view to rescheduling all or a material part of its debts influencing the rights of the creditors and similar to bankruptcy legislation; (7) is the object of a recovery measure with a view to rescheduling all or a material part of its debts or of a decision in an involuntary bankruptcy procedure, which has not been revoked within thirty Business Days; or (8) a "<i>curator/curateur</i>", "<i>commissaris inzake opschorting/commissaire au sursis</i>" or "<i>voorlopig bewindvoerder/administrateur provisoire</i>" or a similar instance is appointed, competent for taking decisions affecting a significant part of its property and this judgement, decision or appointment has not been revoked or suspended, nor has it expired on or before the thirtieth Business Day after the implementation thereof;
"Early Repayment":	Repayment before Maturity Date, as set out in Clauses 10 or 11;

“Financial Intermediary”:	ING België, having its registered office at Marnixlaan 24, 1000 Brussels, the financial entity, appointed by the Issuer, to receive and coordinate the subscriptions to the Bonds;
“Financial Year”:	the financial year of the Issuer that runs from 1 January to 31 December of each year;
"Interest Period"	each period of one year, provided that (i) the first Interest Period shall start on the Subscription Date and end on the first anniversary of the Subscription Date, (ii) each subsequent Interest Period shall start on the last day of the preceding Interest Period and (iii) the last Interest Period shall end on the earlier of (x) the Conversion Date, (y) the date of the Early Repayment, or (z) the Maturity Date;
"Issuer":	Keyware Technologies NV, a public company organised and existing under the laws of Belgium, with registered office at Ikaros Business Park, Ikaroslaan 24, 1930 Zaventem and registered with the Crossroad Bank of Enterprises under enterprise number 0458.430.512;
“Material Insiders”:	shareholders having a participation of 2.5 % or more in the Share capital of the Issuer, and exercising a mandate as officer or director of the Issuer;
“Maturity Date”:	the date which is 48 months after the Subscription Date, which may be accelerated pursuant to Clause 10;
“Notary”:	Notary public Astrid De Wulf, holding office at 9200 Dendermonde, Sint Christinastraat 17, Belgium or any other notary appointed by the Issuer;
“Parties”	the Issuer, on the one hand, and any Subscriber, on the other hand;
“Shares”:	any share of the Issuer;
"Subscriber":	any party subscribing to the Bonds, as set out in these Terms, collectively referred to as the "Subscribers" ;
“Subscription Date”:	the date on which the Subscription Deed is passed;
“Subscription Deed”:	the notarial deed passed at Subscription Date, by which the issue of Bonds is established;

“Subscription Price”:	the subscription price for the Bonds paid by each Subscriber;
“Subscription Period”:	the period during which Subscribers can subscribe to the Bonds, which will be open from 19 August 2008 to 2 September 2008;
“Terms”:	the present terms and conditions, pursuant to which a party may subscribe to the Bonds and governing the issue, existence and conversion of the Bonds.
“Warrants”	the warrants to be issued by the Issuer in a private placement, simultaneously with the issuance of the Bonds;

1.2 Plural forms shall include singular forms and vice versa.

2. PAYMENT OF THE SUBSCRIPTION PRICE

Subject to the fulfilment of the conditions of Clause 4 (the **“Conditions Precedent”**), a Subscriber shall make the Subscription Price available in Euro on an account opened with the Financial Intermediary at the latest on the second Business Day after closing of the Subscription Period.

3. ALLOCATION AND ISSUE OF THE BONDS

3.1 The Issuer will allocate the Bonds to the Subscribers. In case of oversubscription, the Issuer will allocate the Bonds to the Subscribers on a “first in first served” basis.

3.2 On Subscription Date, the Subscribers will subscribe to the Bonds. By subscribing to the Bonds, the Subscribers confirm, on Subscription Date, that they each act as principal for their own account for investment only and not with the intention of effecting any public sale or public distribution of the Bonds.

3.3 The Issuer shall record the issue of the Bonds to the Subscribers in the Bondholders' register and deliver to the Subscribers a certificate confirming the registration of the Bonds in their name.

4. CONDITIONS PRECEDENT

4.1 The undertaking of a Subscriber to subscribe to the Bonds and to pay the Subscription Price and the undertaking for the Issuer to issue the Bonds shall be subject to the fulfilment on or before Subscription Date of each of the following conditions:

- (a) the board of directors and the auditor of the Issuer shall have submitted to the shareholders' meeting of the Issuer the reports provided for in articles 582, 583 and 596 of the BCC;
- (b) the extraordinary shareholders' meeting of the Issuer has approved the issue of the Bonds in accordance with these Terms;

- (c) no material change in the business or in the financial position of the Issuer has occurred between 31 December 2007 and the Subscription Date, unless publicly disclosed by the Issuer; and
 - (d) no event shall have occurred or condition shall exist at the Subscription Date which makes it unlawful (or makes it apparent that it will become unlawful) for the Issuer to perform any of its obligations under this Agreement.
- 4.2 The undertaking of the Issuer to issue the Bonds shall be subject to the conditions precedent that no event shall have occurred or condition shall exist at the Issue Date which makes it unlawful (or makes it apparent that it will become unlawful) for the Subscribers to perform any of its obligations under these Terms.

5. FORM, DENOMINATION AND TRANSFER

- 5.1 The Bonds will be nominative and in registered form, each in denominations of EUR 50,000.
- 5.2 The Bonds will not be transferable without the consent of the Issuer, except to Affiliates of a Subscriber.
- 5.3 The transfer of a Bond can only be invoked against the Issuer and third parties after it has been duly registered in the Bondholders' Register and signed either by both the transferor and the transferee or by at least two directors of the Issuer upon notification by the transferor.

6. INTEREST

- 6.1 The Bonds bear interest for each Interest period from and including the Subscription Date at the rate of 8.00 % per annum.
- 6.2 At the end of each Interest Period, the amount of interest accrued during the preceding Interest Period will be capitalised with and be deemed part of the outstanding amount of the Bonds and the capitalisation will satisfy the obligation to pay such interest.
- 6.3 The interest shall be calculated on the basis of a 365-day year and the actual days elapsed. The determination of any interest amount by the Issuer shall, in the absence of manifest error, be conclusive and binding upon each Subscriber. The Issuer will distribute a list to each Subscriber indicating the quotes and calculations applied to determine the amounts.
- 6.4 Interest on the Bonds shall be payable to the Subscribers either:
- (a) In case of Conversion, by issuing a number of Shares in accordance with Clause 8.1(a); or
 - (b) In case of Early Repayment, upon such Early Repayment ; or
 - (c) In case the Bonds are not converted, on Maturity Date on the account designated by the Subscriber.

7. TAXES

- 7.1 To the extent required by law, the Issuer shall make the required tax withholdings on any interest accrual and pay the appropriate amount to the relevant tax authorities before any interest or penalty in relation thereto becomes due.

- 7.2 A Subscriber shall deliver to the Issuer, if required, the documents, duly certified by the relevant tax authorities as may be necessary to obtain a reduction or exemption of tax withholdings.

8. CONVERSION

8.1 Conversion

- (a) The Bonds will be converted into a number of Shares determined in accordance with the following formula:

$$\frac{\text{Nominal value of the Bonds + accrued interest}}{\text{Conversion Price}}$$

- (b) Any Subscriber may require the Board of Directors of the Issuer to proceed with the Conversion of all or part of its Bonds, at any time up to the Maturity Date, at the Conversion Price. For the avoidance of doubt, following the issuance of the Shares as a result of Conversion and the capital increase resulting therefrom, each of the Shares shall represent an equal proportion of the Issuer's share capital and shall be of equal value.
- (c) Without prejudice to Clause 8.1(b) and notwithstanding Clause 8.2, the Bonds will automatically convert into a number of Shares, at EUR 1 per Share if the Shares trade above EUR 4 on Euronext Brussels for 20 consecutive trading days. In such case, a Conversion Notice will be deemed to be given on the first Business Day after the end of such 20-day period, to the Board of Directors by each holder of Bonds for all Bonds held by him.
- (d) Each Conversion Notice must be for a minimum amount of EUR 100,000.
- (e) In accordance with section 491 of the BCC (or any other provision having the same purport), if the Issuer enacts one or more capital increases by contributions in cash, a Subscriber shall be entitled to convert the Bonds and to participate, as Shareholder of the Issuer, in the aforementioned capital increase, provided that the existing Shareholders of the Issuer also have such right.

8.2 Conversion Price

Except in the event of Conversion as set out in Clause 8.1(c), the Conversion Price per Share of the Bonds shall be the lesser of (i) EUR 1, (ii) 60% of the lowest closing bid on Euronext Brussels of the previous 6 trading days prior to conversion of the Bonds or (iii) if, after the Subscription Date, the Issuer issues any additional securities that are exchangeable, exercisable or convertible into Shares, the price at which the Shares resulting from such issue of Shares or additional securities are or will be issued it being understood that such price adjustment will not apply in the event of an issue pursuant to existing stock option or warrant plans.

8.3 Fractional Shares

Upon Conversion, no fractional Shares will be issued. In the event a Subscriber is entitled to a fractional Share, the number of Shares to be issued to that Subscriber upon Conversion will be rounded down to the lower whole Share.

8.4 Conversion Deed

On Conversion Date, the Board of Directors shall enact the Conversion, the resulting capital increase and the number of newly issued Shares in a notarial deed. The Issuer's auditor shall, in accordance with section 591 BCC, certify the list of the requested Conversions.

8.5 Issue and delivery of Shares

- (a) The Issuer will issue the additional Shares as soon as practically possible after receipt of a Conversion Notice and will deliver them to the Subscribers not later than fifteen (15) Business Days after receipt of the Conversion Notice.
- (b) If the Issuer does not deliver the listed newly issued Shares to a Subscriber within fifteen (15) Business Days from receipt of the Conversion Notice, the Issuer will pay to that Subscriber liquidated damages of EUR 1,500 per Business Day as from the fifteenth Business Day after receipt of a Conversion Notice for each EUR 100,000 of the principle amount of the Bonds being converted.

8.6 Listing of the Shares

The Board of Directors of the Issuer shall take all required steps in order to have the newly issued Shares admitted to trading on Euronext Brussels (or any other exchange, if the Issuer's Shares would trade on another exchange).

8.7 Power of attorney

Each Subscriber hereby appoints any two directors of the Issuer as its attorney, acting jointly, with the power of substitution, in order to represent it at Conversion, and execute all acts, sign and execute the Conversion Deed and required minutes, elect domicile, and in general, do all that is necessary or useful for recording the Conversion and all acts relating hereto.

This mandate is accepted expressly by the Issuer and the Issuer is obligated to exercise it. The Issuer and the Subscribers expressly agree that this proxy will not be considered invalid as a result of the suspension or of the incapability on Conversion Date of a Subscriber or any succeeding subscribers. They declare this mandate to be expressly connected to the Bonds issue.

9. SUBSCRIBER'S RIGHTS

9.1 Bondholder

A Subscriber has the rights granted by sections 489 through 492 and 568 through 580 of the BCC to the holders of convertible bonds ("*converteerbare obligaties/obligations convertibles*"), and does not have rights as shareholder of the Issuer until the Conversion. A Subscriber therefore has no vote at the shareholders' meeting of the Issuer as a holder of the Bonds, nor any claim to a share in the liquidation proceeds ("*liquidatiebonus/boni de liquidation*") of the Issuer in the event of a liquidation of the Issuer.

9.2 Information to the Subscriber

The Issuer will provide the Subscribers with the information that must be provided according to the BCC or any other relevant legislation or regulation.

9.3 Default communication

The Issuer will communicate any event to the Subscribers which classifies as Default.

9.4 Anti-dilution undertaking

- (a) In accordance with the BCC, from the Subscription Date until the earlier of (i) the Conversion Date, (ii) the date of Early Repayment, or (iii) the Maturity Date, the Issuer may not by any action reduce the advantages granted to the Bonds by their issue conditions or by law, except as explicitly provided in these issue conditions.
- (b) The Issuer expressly reserves the right to proceed with the incorporation of reserves into capital without the issuance of new securities, the issuance of shares, the issuance of dividends or other distributions (whether in cash, Shares or otherwise), which operations may or may not reduce the advantages granted to the shareholders. If the rights of the Subscribers are affected by such action or transaction, then the Subscribers shall not be entitled to an amendment of these Terms or any form of compensation.
- (c) In the event of a split or merger (reverse split) of the Issuer's Shares, the number of Shares to be granted upon Conversion will be proportionately adjusted.
- (d) In the event of a merger of the Issuer with another company, through absorption of the Issuer by that company, the respective Conversion Prices will be proportionately adjusted in accordance with the exchange rate applied for the shares of the Issuer in the merger operation.

9.5 Rights attached to the Shares

The shares issued upon Conversion shall have the same rights as the Shares of the Issuer existing at the Conversion Date.

9.6 Lock-up

The Issuer confirms that the Material Insiders have executed a lock-up commitment towards the Financial Intermediary for all of the Issuer's equity owned by them and any related entity within their control. The lock-up will be effective until the Bonds are no longer outstanding, provided, however, that each person subject to a lock-up

- (i) may sell up to 25 % of their individual holdings per year in the open market; and
- (ii) may make transfers to their family members and/or estate planning vehicles (i.e. family limited partnerships and trusts), provided that the transferees execute identical lock-up commitments upon transfer.

10. EARLY REPAYMENT UPON DEFAULT

A Subscriber may accelerate the Maturity Date of the Bonds upon the occurrence of an event of Default, by giving notice to the Issuer that

- (i) the obligations of the Subscriber under this Agreement have been terminated,
- (ii) all amounts due to the Subscriber under the Bonds are immediately claimable and payable.

After such notice, all these amounts become immediately claimable and payable, without further default notice or any other formality, to which the Issuer expressly waives its right.

The rights of a Subscriber stated in this Clause 10 are cumulative with and without prejudice to other rights and remedies the Subscriber may have pursuant to applicable laws and regulations.

11. EARLY REPAYMENT

The Issuer may decide to early repay all or part of the Bonds (it being understood that the Issuer may only early repay a Bond in full and not only in part), taking into account a 30 days' notice to the Subscribers and without prejudice to the rights granted to the Subscribers pursuant to section 492 of the BCC. If the Issuer repays the Bonds early, pursuant to this Clause 11, the repayment price shall be equal to the sum of (i) the outstanding amount of the Bonds and (ii) the accrued interest pursuant to Clause 6.

12. PAYMENTS AND APPLICATION

12.1 The Issuer shall make the sums payable to the Subscribers available in Euro on the due date into the account specified by the Subscribers. All payments shall be made subject to deduction of applicable withholding tax (if any).

12.2 If the Issuer fails to pay any amount payable by it under this Agreement on the due date, it shall pay interest on such overdue amount from the due date (or in the case of overdue interest, as soon as permitted by article 1154 of the Belgian Civil Code) up to the date of actual payment at a rate equal to Euribor three months +1 % per annum.

12.3 If a Subscriber receives a payment insufficient to discharge all the amounts then due and payable by the Issuer pursuant to this Agreement, the Subscriber must apply that payment, regardless of any designation by the Issuer, towards the obligations of the Issuer under this Agreement in the following order:

- (i) first, in or towards payment pro rata of any interest due but unpaid pursuant to this Agreement;
- (ii) secondly, in or towards payment pro rata of any principal amount due but unpaid pursuant to this Agreement; and
- (iii) thirdly, in or towards payment pro rata of any other sum due but unpaid pursuant to this Agreement.

13. GENERAL

13.1 Expenses, brokerage fees

Each Party shall bear any and all fees or commissions of any finder or broker engaged by itself in connection with the transactions contemplated by these Terms.

13.2 Notices

(a) Any notices or communications under these Terms or in connection herewith shall be in writing and forwarded by registered mail with return receipt to the following addresses:

- (i) to the Issuer:

To the attention of the Board of Directors
Ikaros Business Park
Ikaroslaan 24
1930 Zaventem
Belgium

(ii) to the Subscribers:

At their address, as indicated in the Bondholders' Register.

Such notice or communication shall be deemed to have been given three Business Days after the same is mailed, or one Business Day after the delivery against receipt.

- (b) The Parties may change their addresses by notice to the other Parties in accordance with this Clause 13.2.
- (c) In case of emergency, Parties can give notice by fax. Any notice by fax shall be followed by a hard copy with original signatures.

13.3 Confidentiality

The Issuer agrees that it will not disclose, and will not include in any public announcement, the name of a Subscriber, unless expressly agreed to by the Subscriber or unless and until such disclosure is required by law or applicable regulation, and then only to the extent of such requirement.

13.4 Severability

The invalidity or unenforceability of any one stipulation or clause of these Terms shall not result in the invalidity or the unenforceability of any other provision of these Terms or of the Terms as a whole.

14. APPLICABLE LAW AND JURISDICTION

- 14.1 The Bonds shall be governed exclusively by and interpreted in accordance with the laws of Belgium.
- 14.2 The Issuer and the Subscribers will comply at all times with applicable European and Belgian laws, rules and regulation on insider trading and the prohibition of market abuse and market manipulation.
- 14.3 Any dispute arising between the Issuer and a Subscriber in connection with the Bonds shall be finally settled by the competent courts of Brussels.

APPENDIX 1
CONVERSION NOTICE

KEYWARE TECHNOLOGIES NV
(the "Company")

Limited liability company, incorporated under the laws of Belgium
Registered office: Ikaros Business Park, Ikaroslaan 24, 1930 Zaventem Enterprise number: RPR
0458.430.512

CONVERSION FORM

FOR CONVERTIBLE BONDS

The undersigned (name, first name),
residing at, holder of
..... convertible bonds of the Company (the "**Bondholder**"), issued on 18 August 2008 (8%
with an 48 months conversion period), under the terms and conditions set out in chapter 8 of the
Information Memorandum,

hereby requests the Board of Directors of the Company to proceed with the conversion of
.....convertible bonds (for a total amount of EUR) into shares, at the
Conversion Price, as provided under Clause 8 of the Subscription Terms.

In addition, I hereby

- authorise the Board of Directors to debit my securities account number in view
of the conversion
- authorise the Board of Directors, upon issuance of the new shares, to register the conversion of the
number of convertible bonds referred to above in the bondholder's register of the Company.

The shares should be, within 15 Business Days from receipt of this conversion form by the Company,
added to my securities account number

Done at, on

The Bondholder