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FORM 8-K

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2008

MORLEX, INC.
(Exact name of registrant as specified in its charter)

Colorado	000-30144	84-1028977
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

420 Lexington Avenue, Suite 450, New York, New York	10170
(Address of principal executive offices)	(Zip Code)

(212) 581-5150
(Registrant's telephone number, including area code)

31 Pierce Lane
Norwich, Vermont 05055
(Former Address If Changed since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below)

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words "expects", "anticipates", "intends", "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section "Risk Factors." We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this report.

EXPLANATORY NOTES

The terms "the Company," "we," "us," and "our" refer to Morlex, Inc., a Colorado corporation, unless otherwise stated or the context clearly indicates otherwise. "RightSide" refers to RightSide Holdings, Inc., a Delaware corporation and our subsidiary. "Duncan" refers to Duncan Media Group, Inc., a Delaware corporation and our subsidiary. "Superfly" refers to Superfly Advertising, Inc., an Indiana corporation and a wholly owned subsidiary of Duncan. "AAA" refers to All Ad Acquisition, Inc., a Delaware corporation and our wholly owned subsidiary. "Ad Authority" refers to Ad Authority, Inc., a Delaware corporation.

This Current Report on Form 8-K contains summaries of the material terms of various agreements executed in connection with the transactions described herein. The summaries of these agreements are subject to, and qualified in their entirety by, reference to these agreements, all of which are incorporated herein by reference.

All financial figures in this Current Report are denominated in U.S. Dollars unless stated otherwise.

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TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	2
EXPLANATORY NOTES	2
Item 1.01. Entry into Material Definitive Agreements	5
Item 2.01. Completion of Acquisition or Disposition of Assets	5
THE TRANSACTIONS	5
Overview of the Transactions	5
The Merger Transactions and Acquisition Transaction	5
RHI Merger	5
DMG Merger	6
Acquisition Transaction and Potential Purchase of Ad Authority Stock	6
Projected Corporate Structure	7
The Distribution	7
The Private Placement	7
Ownership of the Company	8
Contemplated Transactions	8
Tax and Accounting Treatment	9
Ancillary Agreements	9
Registration Rights Agreement	9
General Release Agreement	9
DESCRIPTION OF OUR BUSINESS	10
The Industry	11
Superfly	11
Generally	11
Outlook	11
RightSide	11
Generally	11
Outlook	12
Ad Authority	12
Generally	12
Outlook	13
History of the Company	13
Our History	13
History of Superfly	14
History of RightSide	14
History of Ad Authority	15
Customers and Market	16
Competition	16
Government Regulations	16
Employees	16
Properties	17
Available Information	17
RISK FACTORS	18
Risks Related To Our Business	18
Risks Related To Our Financial Condition	22
Risks Related To Our Industry	25

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Risks Related To Our Common Stock	30
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	33
SECURITY OWNERSHIP OF CERTAIN STOCKHOLDERS AND MANAGEMENT	43
DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS	44
Directors and Executive Officers	44
Business Experience	44
Organizer	45
Code of Ethics	46

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Board Committees	46
Board Independence	46
EXECUTIVE COMPENSATION	47
Summary Compensation Table	47
Outstanding Equity Awards (Options) At Fiscal Year-End	47
Agreements With Officers and Directors	47
Compensation of Directors	48
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	48
DESCRIPTION OF SECURITIES	49
Capital Stock	49
Description of Common Stock	49
Description of Convertible Notes	49
Registration Rights	49
Transfer Agent	50
MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	50
LEGAL PROCEEDINGS	50
RECENT SALES OF UNREGISTERED SECURITIES	50
INDEMNIFICATION OF OFFICERS AND DIRECTORS	50
Colorado Law	50
Bylaws	51
Articles of Incorporation	51
Indemnification Under The Securities Act	51
INDEX TO EXHIBITS	51
DESCRIPTION OF EXHIBITS	51
Item 3.02 Unregistered Sales of Equity Securities	51
Item 4.01 Changes in Registrant’s Certifying Accountant	52
Item 5.01 Changes in Control of the Registrant	52
Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers	52
Item 5.06 Change in Shell Company Status	52
Item 9.01 Financial Statements and Exhibits	52
MORLEX, INC. FINANCIAL STATEMENTS	54
SIGNATURES	55
EXHIBIT INDEX	56

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Item 1.01. Entry into Material Definitive Agreements

The disclosure set forth in Item 2.01 to this Current Report is incorporated into this item by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets

THE TRANSACTIONS

Overview of the Transactions

As previously reported, on February 7, 2008 we entered into: (i) an Agreement and Plan of Merger (the "RHI Merger Agreement") with RightSide Holdings, Inc. ("RightSide") and our wholly owned subsidiary RHI Merger Sub, Inc. ("RHI Merger Sub"), and (ii) an Agreement and Plan of Merger (the "DMG Merger Agreement", and together with the RHI Merger Agreement, the "Merger Agreements") with Duncan Media Group, Inc. ("Duncan") and our wholly owned subsidiary DMG Merger Sub, Inc. ("DMG Merger Sub"). Also, on February 14, 2008 (the "Closing Date") we entered into a Stock Purchase Agreement (the "AAA Stock Purchase Agreement") with All Ad Acquisition, Inc., a Delaware corporation ("AAA"), and all of the shareholders of AAA as listed in the AAA Stock Purchase Agreement, whereby we acquired all of the outstanding shares of common stock of AAA. AAA is a party to that certain Stock Purchase Agreement, dated November 14, 2007, among AAA, Iakona, Inc., a California corporation ("Iakona"), and Jason Kulpa, (as amended, the "Ad Authority Stock Purchase Agreement") providing for the purchase and sale of all of the issued and outstanding capital stock of Ad Authority, Inc., a Delaware corporation ("Ad Authority"), to AAA. Copies of the RHI Merger Agreement, DMG Merger Agreement, AAA Stock Purchase Agreement and Ad Authority Stock Purchase Agreement are filed as Exhibits 2.1, 2.2, 2.3 and 2.4 to this Current Report, respectively, and are incorporated herein by reference.

On the Closing Date, the Company acquired RightSide and Duncan by closing the transactions contemplated by the Merger Agreements (collectively, the "Merger Transactions") and acquired AAA by closing the transactions contemplated by the AAA Stock Purchase Agreement. In connection with the Merger Transactions, the Company will pay a cash distribution shortly after the Closing Date of $.2929 per share to the holders of record of the common stock of the Company, par value $.001 per share ("Company Common Stock"), as of February 11, 2008, for a total distribution of approximately $375,000 (the "Cash Distribution"). Shortly after the Closing Date, the Company will also distribute .2929 shares of Company Common Stock per share to the holders of record of Company Common Stock as of February 11, 2008, for a total distribution of approximately 375,000 shares of Company Common Stock (the "Stock Distribution" and, together with the Cash Distribution, the "Distribution").

The Merger Transactions and Acquisition Transaction

RHI Merger

Pursuant to the RHI Merger Agreement, on the Closing Date RHI Merger Sub, our wholly owned subsidiary, merged with and into RightSide, with RightSide being the surviving corporation (the "RHI Merger"). As a result of the RHI Merger, each share of common stock of RightSide, par value $.001 per share, automatically converted into 0.4236 shares of Company Common Stock, or 8,548,655 shares of Company Common Stock in the aggregate. The outstanding shares of non-convertible preferred stock of RightSide, par value $.001 per share, were not affected by the RHI Merger and remain outstanding preferred stock of RightSide. Accordingly, we are not the sole stockholder of RightSide; however, we own all of the outstanding RightSide Common Stock (which is the only voting stock of RightSide).

The RHI Merger Agreement contains customary representations, warranties and covenants of us, RightSide and RHI Merger Sub for similar transactions. The representations and warranties in the RHI Merger Agreement expired on the Closing Date.

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DMG Merger

Pursuant to the DMG Merger Agreement, on the Closing Date DMG Merger Sub, our wholly owned subsidiary, merged with and into Duncan, with Duncan being the surviving corporation (the "DMG Merger"). As a result of the DMG Merger, each share of common stock of Duncan, par value $.001 per share, automatically converted into 0.5433 shares of Company Common Stock, or 5,642,171 shares of Company Common Stock in the aggregate. The outstanding shares of non-convertible preferred stock of Duncan, par value $.001 per share, were not affected by the DMG Merger and remain outstanding preferred stock of Duncan. Accordingly, we are not the sole stockholder of Duncan; however, we own all of the outstanding Duncan Common Stock (which is the only voting stock of Duncan). Duncan has no material assets or liabilities other than the stock of its wholly-owned subsidiary Superfly Advertising, Inc. ("Superfly").

The DMG Merger Agreement contains customary representations, warranties and covenants of us, Duncan and DMG Merger Sub for similar transactions. The representations and warranties in the DMG Merger Agreement expired on the Closing Date.

Acquisition Transaction and Potential Purchase of Ad Authority Stock

On the Closing Date, we bought all of the outstanding stock of AAA from the stockholders of AAA pursuant to the AAA Stock Purchase Agreement in exchange for 4,200,000 shares of Company Common Stock. The only asset of AAA is the Ad Authority Stock Purchase Agreement and certain related agreements. Pursuant to the Ad Authority Stock Purchase Agreement, AAA has the right and the obligation to acquire all of the issued and outstanding capital stock of Ad Authority (the "Stock Purchase"), subject to the terms and conditions in the Ad Authority Stock Purchase Agreement. At the closing of the Stock Purchase, in consideration for the Ad Authority stock we will be obligated to pay Iakona $8.0 million in cash and to issue shares of Company Common Stock to Iakona representing 20% of the then outstanding Company Common Stock on a fully diluted basis. There can be no assurances that the Stock Purchase will be consummated.

The Ad Authority Stock Purchase Agreement contains customary representations, warranties and covenants of us and Ad Authority for similar transactions. All representations and warranties survive for a period of two years from the closing, except for: (i) certain fundamental representations and warranties which survive indefinitely, (ii) representations and warranties with respect to taxes, which survive until the applicable statutes of limitations have run, and (iii) certain other representations and warranties, which survive for three years from the Closing Date. All covenants survive until fulfilled. Iakona and Kulpa agree that, for a period of three years from the date of the closing of the transactions contemplated by such Agreement, they will neither compete with Ad Authority nor solicit its employees with certain exceptions if Kulpa's employment with Ad Authority is terminated. AAA agreed to provide for employees of Ad Authority who are employed by us after the closing to be eligible for participation in a common stock incentive plan for up to ten percent of our issued and outstanding common stock.

The Ad Authority Stock Purchase Agreement contains a mutual indemnification provision for breach of or inaccuracy in any representation or warranty and any breach of failure to fully perform any covenant by any party to the agreement. Each party's indemnification obligations are subject to a threshold requirement of $100,000 in the aggregate. The parties' indemnification obligations are also subject to a cap. Iakona's and Kulpa's collective indemnification obligations are capped at $2 million in the aggregate; whereas, AAA's indemnification obligations are capped at $1 million in the aggregate. Iakona and Kulpa further agree to indemnify AAA from any and all damages relating to that certain agreement among Valentino Vaschetto, Valosoft Corp and Ad Authority Incorporated, dated June 2, 2005.

The closing of the Stock Purchase is subject to the satisfaction of customary closing conditions. If the Stock Purchase has not been consummated on or before February 29, 2008, either party to the Ad Authority Stock Purchase Agreement can terminate the agreement subject to certain limitations.

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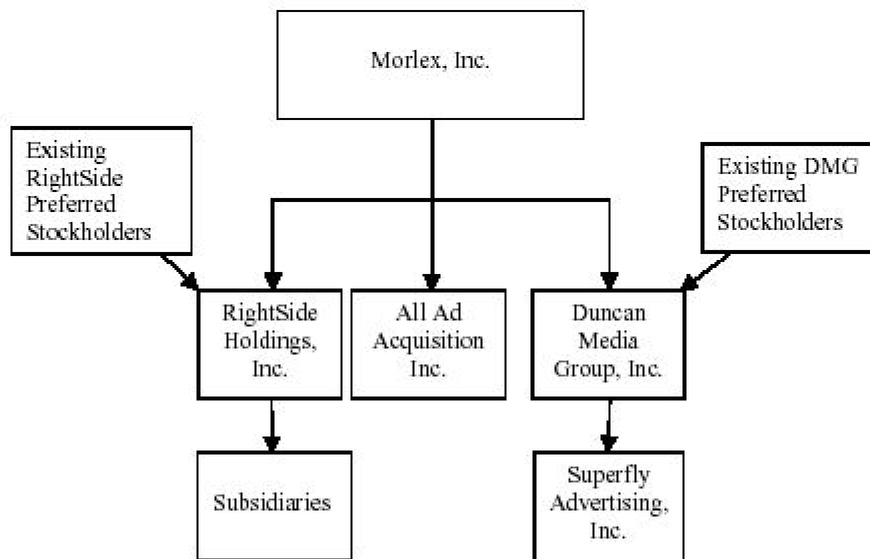
Projected Corporate Structure

As a result of the consummation of the Merger Transactions and the Acquisition Transaction, our current corporate structure is as follows:



The Distribution

On February 8, 2008, the Board of Directors of the Company declared a cash distribution of $.2929 per share, payable to the holders of record of Company Common Stock as of February 11, 2008. Also on February 8, 2008, the Board of Directors of the Company declared a distribution of .2929 shares of Company Common Stock per share, distributable to the holders of record of Company Common Stock as of February 11, 2008. The aggregate amount of the Distribution, which will be paid and distributed shortly after the Closing Date, will be approximately $375,000 and approximately 375,000 shares of Company Common Stock, and the consummation of the Distribution was contingent on the Company having sufficient equity to enable the Company to pay the Distribution in compliance with applicable Colorado law. The purpose of the Distribution was to compensate the holders of Company Common Stock prior to the Merger Transactions and the Acquisition Transaction for the dilution that they experienced as a result of the consummation of such transactions.

The Private Placement

To satisfy the cash needs of the Company relating to the Merger Transactions and the Acquisition Transaction, to fund the Cash Distribution and to provide working capital to the Company to fund its operations after the Merger Transactions and the Acquisition Transaction, the Company intends to raise approximately $5 million through a private placement of Junior Convertible Unsecured Promissory Notes (the “Convertible Notes”) and through a private placement of Company Common Stock (the “Private Placement” and, together with the Merger Transactions and the Acquisition Transaction, the “Transactions”).

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Ownership of the Company

Following the consummation of the Transactions and the Distribution, a total of 20,045,985 shares of Company Common Stock was issued and outstanding. The portion of the outstanding Company Common Stock owned by each constituency involved in the Transactions is as follows:

Constituency	Percentage Interest	
Former Owners of RightSide	42.65	%
Former Owners of DMG	28.15	%
Stockholders of AAA	20.95	%
Stockholders of Company before Transactions	8.25	%
Total	100.00	%

If the Stock Purchase is consummated, the total number of shares of Company Common Stock issued and outstanding (without giving effect to any shares of Company Common Stock that may be issued in a private placement in connection with the Stock Purchase) will be 26,445,985. The portion of the outstanding Company Common Stock owned by each constituency after the Stock Purchase will be as follows:

Percentage Constituency	Interest	
Former Owners of RightSide	32.32	%
Former Owners of DMG	21.33	%
Stockholders of AAA	15.88	%
Stockholders of Ad Authority	24.20	%
Stockholders of Company before Transactions	6.27	%
Total	100.00	%

As of the Closing Date, RightSide had $834,508.50 of Promissory Notes issued and outstanding and held by the former shareholders of RightSide (the "RightSide Notes"). Of the RightSide Notes, $417,254 are Convertible Promissory Notes (the "Convertible RightSide Notes"). Following consummation of the Merger Transactions, some of the Convertible RightSide Notes may become convertible into Company Common Stock. As of the Closing Date, such Convertible RightSide Notes would have been convertible into up to 579,157 shares of Company Common Stock, representing approximately 2.8% of the Company Common Stock on an as-converted basis. Certain of the RightSide Notes are past due. We intend to repay all RightSide Notes with the proceeds of the Private Placement.

Contemplated Transactions

Now that the Transactions have been consummated, we intend to proceed with the closing of the Stock Purchase as soon as practicable. We intend to finance the Stock Purchase with proceeds from a debt financing and the Private Placement. Following the completion of the Stock Purchase, we plan to reincorporate in Delaware by merging into a newly formed Delaware corporation (the "Reincorporation"). In connection with the Reincorporation, we intend to change our name to "Ad Authority Group, Inc." assuming that the Stock Purchase has been consummated. In addition, we plan to adjust our capitalization through the Reincorporation. This will have the same effect as a reverse stock split. As part of the Reincorporation, we plan to create a class of "blank check" preferred stock, after which we plan to offer to exchange new preferred stock of the Company having substantially similar terms to the preferred stock of RightSide and Duncan for the outstanding preferred stock of RightSide and Duncan, thereby making RightSide and Duncan wholly-owned subsidiaries of the Company. While we currently plan to proceed with the Reincorporation, it is possible that we will elect not to proceed with the Reincorporation, in which case we expect that we would effect some or all of the restructuring activities through an amendment to our Articles of Incorporation. Either the Reincorporation or an amendment to our Articles of Incorporation will require the approval of our shareholders. We also intend to merge Duncan into Superfly, thereby making Superfly our direct wholly-owned subsidiary. Duncan has no separate operations and no material assets other than the stock of Superfly.

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There can be no assurance that we will be able to consummate the Stock Purchase. In the event that the Stock Purchase Agreement is terminated without the Stock Purchase being consummated, we intend to seek to acquire a different lead generation focused internet advertising company to continue to expand our business and complete our plan of offering full internet marketing services to our customers.

Tax and Accounting Treatment

The Company believes that the Merger Transactions, the Acquisition Transaction, and the portion of the Stock Purchase with respect to which the consideration will be shares of Company Common Stock (assuming that the Stock Purchase is consummated), and any equity financing associated with the Stock Purchase will be treated in the aggregate as an exchange under Section 351 of the Internal Revenue Code, as amended (the "Code"). As a result, we believe that the Mergers will not result in taxation to the prior owners of RightSide and Duncan. Also, the Stock Purchase will not result in taxation to Iakona or Kulpa except to the extent of the gain inherent in the $8.0 million of cash consideration paid in connection with the Stock Purchase.

The RHI Merger is being accounted for as a "reverse merger," and RightSide is deemed to be the acquirer in such reverse merger. Consequently, the assets and liabilities and the historical operations that will be reflected in the financial statements prior to the Merger Transactions will be those of RightSide and will be recorded at its historical cost basis. The DMG Merger is being accounted for as an acquisition of Duncan by RightSide, and the consolidated financial statements after completion of the Merger Transactions will include the consolidated assets and liabilities of RightSide and Duncan, historical operations of RightSide and Duncan, and operations of RightSide and Duncan after the Closing Date. We continue to be a "small business issuer," as defined under the Exchange Act, following the Transactions.

Ancillary Agreements

Registration Rights Agreement

On the Closing Date, we entered into a registration rights agreement (the "Registration Rights Agreement") with certain of the original holders of Company Common Stock and certain of the persons who received Company Common Stock in the Merger Transactions and Acquisition Transaction. We intend that the investors in the Private Placement will become parties to the Registration Rights Agreement. Under the terms of the Registration Rights Agreement, we granted piggyback registration rights to such holders for a period of one year following the Closing Date, such that, in the event that we file a registration statement covering Company Common Stock we would be obligated to include their shares of Company Common Stock (or shares of Company Common Stock issuable upon the conversion of the Convertible Notes) in the registration statement, subject to cutback provisions contained in the Registration Rights Agreement. We have also granted the investors in the Private Placement one demand registration right. If we have not registered the shares for resale within one year after the Closing Date, the other stockholders, including the original holders of Company Common Stock immediately prior to the Closing Date and those persons who received Company Common Stock in the Merger Transactions and Acquisition Transaction, will also have one demand registration right. A copy of the Registration Rights Agreement is filed as Exhibit 4.1 to this current report.

General Release Agreement

In conjunction with the Merger Agreement, we entered into a General Release Agreement ("General Release Agreement") with Michael Miller, Jeanne Baer, Michelle Kaplan, Robert Kaplan, Helaine Kaplan (Michelle Kaplan, Robert Kaplan and Helaine Kaplan are hereinafter collectively referred to as the "Kaplan Group"), our principal stockholders prior to the Merger Transactions and Acquisition Transaction, whereby Mr. Miller, Ms. Baer and each member of the Kaplan Group pledged not to sue us, or any of our affiliates, and forever released us and our affiliates and our present and former officers, directors, stockholders, employees and the like from any and all claims, actions, obligations, liabilities and the like, incurred or suffered by Mr. Miller, Ms. Baer or any member of the Kaplan Group connected to any act or omission that occurred or failed to occur at or prior to the Closing Date.

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DESCRIPTION OF OUR BUSINESS

As a result of the consummation of the Merger Transactions, we are an internet-focused customer acquisition company. We currently have multiple revenue streams, including pay-per-click, list rental, subscription and general advertising. We own more than 1,000 domains with approximately one million unique visitors per month. Our strategy is to acquire and build businesses in key vertical markets, specifically, to:

- Acquire Ad Authority or another lead generation company and build an active internet customer base with “tagged” data, including: name with contact information (e-mail, address, phone), demographics and buying behavior patterns;
- acquire smaller or under-performing web domain assets and apply economies of scale to leverage these assets and build volume and value;
- focus on key vertical markets and build brand/domain value; and
- own the domain/real estate and traffic/customer relationships.

We hope to capitalize on increasing trends toward direct digital advertising solutions through our ownership of significant domain assets in key vertical markets, which we monetize through our proprietary systems and database. We believe that our Company strengths include:

- Ability to penetrate new verticals
- Diverse customer base
- Multiple revenue sources (e.g., subscription, pay-per-load, pay-per-click)
- Domain ownership and customers in key advertising verticals
- Strategy shifting towards lesser reliance on search engine traffic through the use of proprietary company database (i.e., generate an aimed traffic)
- Increasing trend towards higher spending on digital and direct advertising
- Unique value proposition for advertisers through broad product offering
- Critical mass with profitable operations from the onset
- Significant acquisition opportunities (both vertically and horizontally)
- International expansion opportunities

We believe that we have a first rate management team to acquire and integrate where appropriate other related acquired targets. Our goal is to acquire cash flowing businesses in the marketing and media segment that utilize the Internet for distribution and communication. We are not going to acquire e-commerce businesses but will focus on cash flowing business that deal directly with the Internet consumer for its customer, thus focusing on the long tail of the Internet by aggregating many small transactions for no incremental cost, due to no inventory, minimal receivables and minimal employees. The barriers to entry on these properties lie in its ownership of “real estate”, or the domains, as well as the traffic, brand recognition and search rankings, all of which are very hard to duplicate at any cost.

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The Industry

Internet advertising revenues in the United States totaled nearly $10 billion for the first six months of 2007, which is an increase of 26.4% as compared to the same period in 2006. It is projected that by the year 2010, a majority of companies will obtain 10% or more of their sales revenues from online channels. One third of companies that advertise online spend more than 10% of their advertising budgets in such online advertising, indicating a potential market of untapped international expansion opportunities. Sixty percent of companies surveyed agree that “paid keyword search” as a form of advertising is more efficient than traditional advertising.

Superfly

Generally

Superfly is an Internet advertising business focused on key search words and vertical markets. Superfly specializes in internet sales, pay-per-click and internet advertising through approximately 1,000 owned domains. Superfly displays advertisements on the websites it manages by utilizing internet ad feed providers such as Google and Yahoo!. Superfly currently does not contract directly with advertisers. We believe that Superfly can successfully build or acquire web real estate “domains” and increase their traffic and therefore their revenue and profitability.

The majority of the internet visitors to Superfly websites are acquired by purchasing keyword traffic from leading search engines. The Company acquires internet traffic at a cost significantly less than the revenue it receives (“pay-for-click”). We believe that there is a potential for strong growth in key advertising verticals such as finance, insurance and technology with approximately one million unique visitors per month. We are developing several premium, content rich domain sites in key verticals such as Internetfrog.com (technology), Beauty.org (beauty and cosmetics), ezFinance.com (finance), eRisks.com (insurance). Our propriety process for arbitraging internet traffic is not easily replicable, resulting in average return on investment exceeding 60%. We believe that our ability to “scale” with additional domains and resources will allow us to achieve profitability. Superfly plans to commence cross-selling and referral with the Ad Authority Database upon the acquisition of Ad Authority.

Outlook

The Superfly business is an Internet advertising/media model. Superfly purchases keyword inventories on a daily basis from selected search engines, which directs the user to Superfly-owned websites. Once the user is at the Superfly website, the user has the option to click additional links that pertain to his/her keyword search. Superfly’s daily inventory is approximately 500 key words. Moreover, Superfly owns approximately 1,000 parked domains related to verticals that can further be developed with content and generate advertising revenue as well. Superfly plans on building this out to several thousand domains through an offshore production effort in key verticals. Superfly has already begun to build out websites in these key growth verticals that will allow us to continue to build natural traffic. While there have been challenges from Google and others to minimize parked page arbitrage, Superfly has been able to diversify its revenue, strengthen its site and add content, and will continue to diversify its business away from landing pages.

RightSide

Generally

RightSide’s strategy involves acquisition and integration of cash-flow positive newsletters in order to expand an internet-based investment news and publication platform with the goal of becoming *the* premiere active investor platform for the individual investor community. RightSide leverages its customers and content through subscription, CPM, and pay-per-lead revenue streams. RightSide has an over 300,000 active email database with 5,600 paid subscribers. RightSide’s key brand message is *“Professional Advice for the Individual Investor.”*

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Since RightSide's acquisition of RightSide Advisors, Inc. in June 2006, RightSide has taken the following actions to grow its business:

- Signed Richard Suttmeier as Chief Market Strategist and launched three products around him (*Small Stocks Report*, *Sector Report*, and free daily commentary) including video broadcast show.
- Signed Matt Ragas and launched *Value Raider Report*.
- Acquired Global Investing and obtained additional subscribers and e-mail addresses in database.
- Acquired 21st Century which resulted in additional active subscribers and a database of additional e-mail addresses.
- Acquired Hot Stix, Inc.
- Acquired Black Box Investing, Inc.
- Moved *Stock Addict* social network community into beta stage (*www.stockaddict.com*).
- Initial stages of marketing and/or distribution agreement with Yahoo Finance.

Outlook

RightSide Advisors, Inc. and 21st Century Advisors, Inc. (both wholly owned businesses of RightSide) aim to be the leaders in financial newsletter and proprietary media content, with the goal of becoming one of the top financial news web sites, generating a community of loyal and committed users.

Ad Authority

In the event that we obtain the requisite financing and consummate the Stock Purchase, Ad Authority would become an important part of our business. If we do not acquire Ad Authority, we intend to acquire another lead generation internet advertising company that is generally in the same business as Ad Authority.

Generally

Ad Authority is a lead generation company active in the following verticals: mortgage, student loan, auto, and debt consolidation. Ad Authority's plan is to expand into new verticals including: legal, tax, insurance, reverse mortgage, payday loan, and continuing education. Lead generation is a cost effective, low-risk method for advertisers to find and qualify potential customers on the internet. Ad Authority sells leads to mortgage loan officers and brokers, student loan consolidators, auto dealerships and other lead generation companies (resellers) who in turn sell to their clients. Ad Authority currently has 75 million consumer records, including 6 million customer records with over 15 data points (such as demographic, geographic or contact information).

Ad Authority's lead inventory is generated through its own organic websites and through direct purchases from other lead generators. Ad Authority's websites include financebox.com, thestudentbox.com, dotloan.com, NRleads.com and AdAuthority.com. Traffic is directed to Ad Authority's websites through a series of marketing strategies, including: affiliates, networks, email, search engine marketing, contextual ad networks, and co-registration. Wherever possible, state-of-the-art search engine optimization techniques are employed.

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Leads directly purchased from other lead generators are "filtered" to conform to applicable laws (e.g. DNC) and through proprietary verification processes, including demographics and client direct criteria, then are sold to clients at a premium price based on data filtering costs. Ad Authority will custom filter data to meet the needs of its clients.

Such leads can be sold up to three times to create higher return on investment for Ad Authority. This is not true for live transfers, which accounts for the higher fees associated with this direct customer to client phone contact.

LeadX and other proprietary software was developed to meet specific client needs. This reflects Ad Authority's continued emphasis on serving each client with quality leads that meet that particular client's needs. Maximum client service and support enhanced with state-of-the-art technology is the company motto.

Outlook

Ad Authority utilizes numerous websites to promote its products or services clearly and concisely. Ad Authority accumulates this information to further qualify the person by demographic, geographic location, contact information and other information and other criteria that is client driven. Ad Authority utilizes a lead filtering process to enhance the quality of leads to meet client needs. The most effective and popular is the live transfer program. Leads are filtered to meet client requirements prior to the live transfer.

In early 2007, Ad Authority was looking to expand into different areas of the lead generation business. Previous attempts were not successful due to the lower margins involved in establishing a strong presence in this industry. Efficiency was the main issue, as Ad Authority has never had a way to move leads efficiently enough to justify the smaller margins associated with breaking into an extremely competitive market. Ad Authority sought to address this problem through two methods. The first method involved creating custom "Ping-X" software that fully integrates into the existing Lead-X platform. Lead-X is the same technology platform that has made Ad Authority so successful in other verticals. The software fully automated the distribution process of leads based around the industry-standard ping-post model. This effectively created a real-time auction system with each lead going to the highest bidder while maintaining the target return on investment. With the entire transaction from lead generation to lead distribution taking under 30 seconds, this was a big step forward in auto lead distribution. The second method was creating an aggressive tiered pricing system, which has allowed Ad Authority to establish a solid foothold into the auto market. Since the inception of Ping-X, Ad Authority has created a stable, profitable presence in the Automotive Finance Lead industry.

Ad Authority integrates internet traffic with our proprietary customer database and then further process such data using our proprietary analytics.

History of the Company

Our History

We were incorporated in the State of Colorado on April 23, 1986, as what is commonly known as a blind pool. In January 1987, the Company, in a stock-for-stock exchange, acquired America OnLine, Inc. ("AOL#1"), a then wholly owned subsidiary of InfoSource Information Service, Inc. The Company changed its name from Morlex, Inc. to America Online, Inc. on July 17, 1987. AOL #1 was never affiliated with the well-known company of the same name. On December 28, 1992, the Company terminated the business of AOL #1. Since the termination of the business of the former AOL#1, the Company sought the acquisition of, or merger with, an existing company. In May 1998, the Company changed its name back to Morlex, Inc. The Company has had no active business and no employees from 1994 until the Closing Date, and, until the Closing Date, and has been considered a development stage company.

On March 25, 2003, the Company's board of directors (the "Board of Directors") determined it was in the best interest of the Company to cease its reporting obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On March 28, 2003, the Company filed a Form 15 with the Securities and Exchange Commission (the "SEC"), thereby deregistering the Company's securities under the Exchange Act.

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On December 30, 2005, the Company filed a registration statement on Form 10-SB, which was thereafter amended on January 27, 2006. Since the effectiveness of its registration statement, the Company has begun efforts in consummating a business combination.

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Until the Closing Date, the Company was classified as a "blank check" company. The SEC defines those companies as "any development stage company that is issuing a penny stock, within the meaning of Section 3(a)(51) of the Exchange Act, and that has no specific business plan or purpose, or has indicated that its business plan is to merge with an unidentified company or companies." Many states have enacted statutes, rules and regulations limiting the sale of securities of "blank check" companies in their respective jurisdictions. Until the Closing Date, the Company, as defined in Rule 12b-2 under the Exchange Act, was also a "shell company," defined as a company with no or nominal assets (other than cash) and no or nominal operations.

The Company was organized as a vehicle to investigate and ultimately acquire a target company or business seeking the perceived advantages of being a publicly held corporation. To that end, on the Closing Date, the Company consummated the Merger Transactions to acquire RightSide and Superfly and the Acquisition Transaction for the acquisition of AAA. The Company's principal business objective for the next 12 months and beyond such time will be to achieve long-term growth through the operation of such businesses rather than immediate, short-term earnings.

We believe that the Company will create significant incremental value by combining and leveraging the capabilities of the acquired businesses, including the pay-per click expertise and high traffic assets of Superfly, the vertical market expertise of RightSide in the personal finance market, and, if Ad Authority is acquired, the proprietary database marketing expertise of Ad Authority. The three companies have already been performing live market tests which have generated incremental revenues and created incremental revenue opportunities with encouraging results. Additionally, management has identified significant cost savings that could be captured by consolidating the operations if and when the Stock Purchase is consummated.

History of Superfly

In January 2007, Duncan Media Group acquired all of the issued and outstanding capital stock of Superfly, an Internet advertising business focused on key search words and vertical markets. Superfly specializes in internet sales pay-per-click and internet advertising through approximately 1,000 owned domains. Superfly displays advertisements on the websites it manages by utilizing internet ad feed providers such as Google and Yahoo!. Superfly currently does not contract directly with advertisers.

The majority of the internet visitors to Superfly's websites are acquired by purchasing keyword traffic from leading search engines. Superfly displays targeted, high revenue-generating advertising on its websites which highlight a particular vertical or product offering. As a result, Superfly is able to generate a profit from the spread between the cost to generate traffic and the revenue generated from advertising on its websites.

If the Stock Purchase is consummated, Superfly intends to use the Ad Authority Database to drive free traffic to owned domains, with recent tests indicating over 40% open rates on personalized campaigns and 25% click through. In addition, Superfly is currently developing its own lead generation product in conjunction with Ad Authority in order to generate its own leads on the recently acquired domains. As a result, if the Stock Purchase is consummated, Superfly will be able to create additional residual value from the traffic originated at Superfly domains by generating additional leads to add to the Superfly database.

Duncan was incorporated in Delaware on November 21, 2006. Duncan's address is 131 E. Court Avenue, Suite 300, Jeffersonville, Indiana 47130 and its phone number is (812) 282-2958. Superfly was incorporated in Indiana on November 15, 2004. Superfly's address is 131 E. Court Avenue, Suite 300, Jeffersonville, Indiana 47130 and its phone number is (812) 282-2958.

History of RightSide

RightSide is an online publishing company that owns and markets several newsletters and websites targeting the highly valuable personal finance and trading marketplace. With over 5,600 paid subscribers and a database of over 300,000 active e-mail addresses, RightSide generates revenue through subscriptions, online advertising and list rental. RightSide is an example of the Company's strategy of acquiring and/or developing premium content websites in targeted vertical markets.

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RightSide's strategy involves acquisition and integration of cash-flow positive newsletters in order to expand an internet-based investment news and publication platform with the goal of becoming *the* premiere active investor platform for the individual investor community. RightSide leverages its customers and content through subscription, CPM, and pay per lead revenue streams. RightSide's key brand message is *"Professional Advice for the Individual Investor."*

In the last eighteen months, RightSide has expanded its product offering and customer base by acquiring two newsletter production companies and partnering with leading investment executives to launch new products, including a daily video market update. In addition, during the second half of 2007, RightSide began implementing a more aggressive list rental strategy which resulted in associated revenue growing by over ten times in 2007E versus 2006. In 2008, RightSide will be expanding its main website to incorporate financial news, investing tools and proprietary content to create a more comprehensive personal finance portal. This strategy will create a more active customer base and increase RightSide's organic internet traffic, thereby driving advertising and subscriber revenue. RightSide expects to drive additional list rental revenue as its customer base increases. This will be the first complete vertical market business built out by the Company. RightSide has recently launched and is currently building out several other vertical market businesses. If the Stock Purchase is consummated, these businesses will all be powered by the Ad Authority Database. RightSide has identified and is in the process of seeking to employ experienced managers to run these vertical market businesses, who will be responsible for their own respective profit and loss statements.

RightSide Advisors, Inc. and 21st Century Advisors, Inc. (both wholly owned businesses of RightSide Holdings, Inc.) aim to be the leaders in financial newsletter and proprietary media content, with the goal of becoming one of the top financial news web sites, generating a community of loyal and committed users.

RightSide was incorporated in Delaware on May 5, 2006. RightSide's address is 6230 Wilshire Blvd, Ste. 49, Los Angeles, CA 90048 and its phone number is (800) 243-5859. RightSide maintains a website at http://www.rightsideadvisors.com. Information on such website is not incorporated by reference into this report.

History of Ad Authority

Ad Authority is a data-driven, direct marketing company that has built a proprietary customer database containing over 75 million records, 6 million of which have in excess of 15 data points (the "Ad Authority Database"). Ad Authority leverages this Ad Authority Database in conjunction with its domain assets to generate leads in a growing list of vertical markets. Based in Southern California, Ad Authority has approximately twenty-two full time employees.

Internet traffic is driven to Ad Authority's websites through a comprehensive marketing strategy that includes affiliate networks, e-mail marketing, search engine marketing, contextual ad networks and co-registration. Ad Authority's lead inventory is generated through this traffic to its own organic websites and through direct purchases from other lead generators. Once these leads have been run against the Ad Authority Database, then filtered and qualified, they are sold to large and small clients, including mortgage loan officers and brokers, student loan companies, auto dealerships and online education companies. Ad Authority primarily operates via the internet but recently has launched a new telephonic product. Internet based leads may be sold up to three times each, thereby creating a very high return on investment to Ad Authority. Ad Authority's telephonic lead product was developed around a scalable VOIP infrastructure. Once a consumer has been pre-qualified by the automated system, the phone call is connected to one of Ad Authority's clients to complete the sale. While telephonic leads may only be sold once, they generate significantly higher revenue per lead. Whether via the internet or telephone, all leads are distributed by Ad Authority's proprietary software which optimizes the revenue generated from each lead. The system pings the Ad Authority Database to verify the relevant information, at which point the system may add information to the consumer's profile to improve the quality of the lead. Finally, the system analyzes the client who would pay the highest price for the lead based on the client's predetermined requirements. All of the leads and associated information are added to the ever growing Ad Authority Database, creating what we believe is one of the largest proprietary databases dedicated to consumers who are active on the internet. In essence, the Company's strategy is to develop a targetable audience on the internet in various vertical markets in a way similar to what QVC, etc. have developed on TV in the home shopping segment.

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If Ad Authority is acquired by AAA, the founder and sole shareholder of Ad Authority has agreed to rollover a significant portion of his equity in Ad Authority into the Company, resulting in an equity stake in the Company of approximately 20%. He would also join the Company as its Chief Executive Officer and a member of the Board of Directors.

Ad Authority was incorporated in Delaware on November 25, 2003. Ad Authority's address is 2275 Rio Bonito Way, Suite 210, San Diego, CA 92108 and its phone number is 619-270-8154. Ad Authority maintains a website at http://www.adauthority.com. Information on such website is not incorporated by reference into this report.

Customers and Market

RightSide has over 5,600 paid subscribers and also utilizes several sources for sale of its email database, resulting in multiple customers, most of whom are repeat customers. No single customer represents over 10% of RightSide revenue.

Superfly receives the vast majority of its current revenue from Internet search providers. Specifically, Yahoo and its traffic partners Google, and to a lesser extent smaller search companies, such as IAC (ask.com). While revenue fluctuates with campaigns and searches, currently Yahoo and its traffic partners represent approximately 60% of all revenue, Google 20%, and the others less than 5% each. See risk factors for discussion of dependence upon key customers.

Ad Authority generally has its customers diversified over several vertical markets in areas such as auto, student loan, consumer finance, mortgages, taxes, and medical. No one customer currently represents more than 10% of Ad Authority's revenues.

Competition

The internet and direct media business is very competitive and dynamic. Large companies such as Google, Yahoo, and Microsoft will serve as both competitors and customers based upon the type of service or product sold. Most of the large Internet search companies are much better capitalized than we are and have a significantly greater market share than we do. Therefore, we do not intend to directly compete with them.

We do compete with private and public companies in various vertical markets. For example, street.com and "Motley Fool" compete with RightSide. Private companies such as Demand Media and Traffic Z compete with Superfly.

If we consummate the Ad Authority acquisition, we will be competing in the lead generation space with Azoogle and many smaller competitors, many of whom have a niche market they serve.

Government Regulations

None of the businesses are subject to direct government regulation. However, email programs and marketing must comply with the rules of the Federal Trade Commission, and RightSide serves as a newsletter business and does not give individual finance advice, which would fall under the RIA regulations.

Employees

Prior to the Acquisition Transactions, neither we nor RHI Merger Sub or DMG Merger Sub had any employees. As a result of the Merger Transactions, we currently have ten employees and employ consultants on a periodic basis. See "Executive Compensation - Agreements with Officers and Directors" for a description of the employment agreements. In the future, if our activities grow, we may hire additional personnel or consultants on an as-needed basis.

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Properties

The company does not own any real properties and has no material leases.

Available Information

We presently file annual and quarterly reports, and other reports, with the SEC which can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Investors may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Investors can request copies of these documents upon payment of a duplicating fee by writing to the SEC. The reports we file with the SEC are also available free of charge on the SEC's website (http://www.sec.gov).

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RISK FACTORS

ANY INVESTMENT IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. ADDITIONAL RISKS AND UNCERTAINTIES NOT CURRENTLY KNOWN TO US OR THAT WE CURRENTLY DEEM IMMATERIAL MAY ALSO BECOME IMPORTANT FACTORS THAT MAY HARM OUR BUSINESS. THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE DUE TO ANY OF THESE RISKS AND UNCERTAINTIES.

We are a new enterprise intending to engage in the business of internet-focused data and direct marketing. The business of providing such products and services is inherently risky. This section is organized as follows:

- Risks related to our business
- Risks related to our financial condition
- Risks relating to our industry; and
- Risks related to our common stock

Risks Related To Our Business

WE HAVE NO OPERATING HISTORY. ACCORDINGLY, YOU HAVE NO BASIS UPON WHICH TO EVALUATE OUR ABILITY TO ACHIEVE OUR BUSINESS OBJECTIVES.

We are a development stage company and, prior to the Closing Date, we did not have any revenue from operations. As a company without an operating history and, until recently, limited property interests or related assets, it is difficult for potential investors to evaluate our business. Our proposed operations are therefore subject to all of the risks inherent in the establishment of a new business enterprise and must be considered in light of the expenses, difficulties, complications and delays frequently encountered in connection with the formation of any new business, as well as those risks that are specific to the internet-focused data and direct marketing industry. Investors should evaluate us in light of the delays, expenses, problems and uncertainties frequently encountered by companies developing markets for new products, services and technologies. We may never overcome these obstacles.

RELATIONSHIPS UPON WHICH WE MAY RELY ARE SUBJECT TO CHANGE, WHICH MAY DIMINISH OUR ABILITY TO CONDUCT OUR OPERATIONS.

To develop our business, it will be necessary for us to establish business relationships which may take the form of joint ventures with private parties and contractual arrangements with other companies, including advertisers and those that supply equipment and other resources that we expect to use in our business. We may not be able to establish these strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships may require us to incur expenses or undertake activities we would not otherwise be inclined to in order to fulfill our obligations to these partners or maintain our relationships. If these relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

WE MAY NOT BE ABLE TO EFFECTIVELY ESTABLISH OPERATIONS OR MANAGE OUR GROWTH, WHICH MAY HARM OUR PROFITABILITY.

Our strategy envisions establishing and expanding our business. If we are not successful at establishing operations at RightSide, Duncan and elsewhere, we may be unable to manage our growth. Growth may place a strain on our management systems and resources. We must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must continue to hire, train, supervise and manage new personnel. We cannot assure you that we will be able to:

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- meet our capital needs;

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- expand our systems effectively or efficiently or in a timely manner;
- allocate our human resources optimally;
- identify and hire qualified employees or retain valued employees; or
- incorporate effectively the components of any business that we may acquire in our effort to achieve growth.

If we are unable to manage our growth, our operations and our financial results could be adversely affected by inefficiency, which could diminish our profitability. These risks include, but are not limited to, our ability to:

- maintain and increase our inventory of advertising space on publisher websites and with email list owners and newsletter publishers;
- maintain and increase the number of advertisers that use our products and services;
- continue to expand the number of products and services we offer and the capacity of our systems;
- adapt to changes in Web advertisers' promotional needs and policies, and the technologies used to generate Web advertisements;
- respond to challenges presented by the large and increasing number of competitors in the industry;
- adapt to changes in legislation or regulation regarding Internet usage, advertising and commerce;
- adapt to changes in technology related to online advertising filtering software; and
- adapt to changes in the competitive landscape.

If we are unsuccessful in addressing these risks and uncertainties, our business, results of operations and financial condition could be materially and adversely affected.

INTEGRATING OUR ACQUIRED OPERATIONS MAY DIVERT MANAGEMENT'S ATTENTION AWAY FROM OUR DAY-TO-DAY OPERATIONS AND HARM OUR BUSINESS.

We have grown in part because of business combinations with other companies, and we expect to continue to evaluate and consider future acquisitions. Acquisitions generally involve significant risks, including difficulties in the assimilation of operations, services, technologies, and corporate culture of the acquired companies, diversion of management's attention from other business concerns, overvaluation of the acquired companies, and the acceptance of the acquired companies' products and services by our customers. The integration of our acquired operations, products and personnel may place a significant burden on management and our internal resources. The diversion of management attention and any difficulties encountered in the integration process could harm our business. We consummated the acquisitions of RightSide, Duncan and AAA on the Closing Date. These acquisitions may present product, sales and marketing, customer support, research and development, facilities, information systems, accounting, personnel, and other integration challenges and may delay or jeopardize the complete integration of these acquired businesses.

COMPETITION IN THE INDUSTRY MAY IMPAIR OUR BUSINESS.

The internet data and direct marketing industry is highly competitive. Other companies may seek to compete with our products and services.

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Additionally, other companies engaged in our line of business may compete with us from time to time in obtaining capital from investors. Competitors include larger companies, which, in particular, may have access to greater resources, may be more successful in the recruitment and retention of qualified employees and may have more vertical markets which may give them a competitive advantage. If we are unable to compete effectively or adequately respond to competitive pressures, this inability may materially adversely affect our business.

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Development of new software products and technologies by our competitors could negatively impact the prices obtained for our products and services.

OUR BUSINESS MAY SUFFER IF WE DO NOT ATTRACT AND RETAIN TALENTED PERSONNEL.

The successful integration of the companies we have acquired will depend in part on the retention of personnel critical to our combined business operations due to, for example, unique technical skills or management expertise. As a result, our future success is substantially dependent on the continued service of our key senior management. We do not currently have employment agreements with many of our key personnel. We do not have key-person insurance on any of our employees.

We may be unable to retain existing personnel that are critical to the success of the integrated company, resulting in disruption of operations, loss of key information, expertise or know-how, unanticipated additional recruitment and training costs, and otherwise diminishing anticipated benefits of these acquisitions, including loss of revenue and profitability. The loss of the services of any member of our senior management team, or of any other key employees, could divert management's time and attention, increase our expenses and adversely affect our ability to conduct our business efficiently. Our future success also depends on our continuing ability to attract, retain and motivate highly skilled employees. We may be unable to retain our key employees or attract, assimilate or retain other highly qualified employees in the future.

Our success will depend in large measure on the abilities, expertise, judgment, discretion integrity and good faith of our management and other personnel in conducting our intended business. We presently have a small management team which we intend to expand in conjunction with our planned operations and growth. The loss of a key individual or our inability to attract suitably qualified staff could materially adversely impact our business.

Our success depends on the ability of our management to interpret market data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments, and ultimately, if required, to successfully divest such investments. Our future success also depends on our ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial, and marketing personnel. Competition for such personnel is intense, and there can be no assurance that we will be able to successfully attract, integrate or retain sufficiently qualified personnel.

OUR MANAGEMENT TEAM DOES NOT HAVE EXTENSIVE EXPERIENCE IN PUBLIC COMPANY MATTERS, WHICH COULD IMPAIR OUR ABILITY TO COMPLY WITH LEGAL AND REGULATORY REQUIREMENTS.

Our management team has had limited U.S. public company management experience or responsibilities, which could impair our ability to comply with legal and regulatory requirements such as the Sarbanes-Oxley Act of 2002 and applicable federal securities laws, including filing required reports and other information required on a timely basis. There can be no assurance that our management will be able to implement and affect programs and policies in an effective and timely manner that adequately respond to increased legal, regulatory compliance and reporting requirements imposed by such laws and regulations. Our failure to comply with such laws and regulations could lead to the imposition of fines and penalties and result in the deterioration of our business.

BECAUSE OUR OFFICERS HAVE OTHER BUSINESS INTERESTS, THEY MAY NOT BE ABLE TO DEVOTE A SUFFICIENT AMOUNT OF TIME TO OUR BUSINESS OPERATION, CAUSING OUR BUSINESS TO FAIL.

Our officers and directors presently possess adequate time to attend to our interests. In the future, our management will use their best efforts to devote sufficient time to the management of our business and affairs and, provided additional staff may be retained on acceptable terms, to engage additional officers and other staff should additional personnel be required. However, it is possible that our demands on management's time could increase to such an extent that they come to exceed their available time, or that additional qualified personnel cannot be located and retained on commercially reasonable terms. This could negatively impact our business development.

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SYSTEM FAILURES COULD SIGNIFICANTLY DISRUPT OUR OPERATIONS, WHICH COULD CAUSE US TO LOSE CUSTOMERS OR ADVERTISING INVENTORY.

Our success depends on the continuing and uninterrupted performance of our systems. Sustained or repeated system failures that interrupt our ability to provide services to customers, including failures affecting our ability to deliver advertisements quickly and accurately and to process visitors' responses to advertisements, would reduce significantly the attractiveness of our solutions to advertisers and Web publishers. Our business, results of operations and financial condition could also be materially and adversely affected by any systems damage or failure that impacts data integrity or interrupts or delays our operations. Our computer systems are vulnerable to damage from a variety of sources, including telecommunications failures, power outages, malicious or accidental human acts, and natural disasters. Therefore, any of the above factors affecting any of these areas could substantially harm our business. Moreover, despite network security measures, our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems in part because we cannot control the maintenance and operation of our third-party data centers. Despite the precautions taken, unanticipated problems affecting our systems could cause interruptions in the delivery of our solutions in the future and our ability to provide a record of past transactions. Our insurance policies may not adequately compensate us for any losses that may occur due to any failures in our systems.

WE COULD BE SUBJECT TO LEGAL CLAIMS, GOVERNMENT ENFORCEMENT ACTIONS AND DAMAGE TO OUR REPUTATION AND HELD LIABLE FOR OUR OR OUR CUSTOMERS' FAILURE TO COMPLY WITH FEDERAL, STATE AND FOREIGN LAWS, REGULATIONS OR POLICIES GOVERNING CONSUMER PRIVACY WHICH COULD MATERIALLY HARM OUR BUSINESS.

Recent growing public concern regarding privacy and the collection, distribution and use of information about Internet users has led to increased federal, state and foreign scrutiny and legislative and regulatory activity concerning data collection and use practices. The United States Congress currently has pending legislation regarding privacy and data security measures (e.g., S. 495, the "Personal Data Privacy and Security Act of 2007") and the New York Attorney General's office has sued a major Internet marketer for alleged violations of legal restrictions against false advertising and deceptive business practices related to spyware. Other laws and regulations have been adopted and may be adopted in the future, and may address issues such as user privacy, spyware, "do not email" lists, pricing, intellectual property ownership and infringement, copyright, trademark, trade secret, export of encryption technology, click-fraud, acceptable content, taxation, and quality of products and services. This legislation could hinder growth in the use of the Web generally and could decrease the acceptance of the Web as a communications, commercial and advertising medium. The Company does not use "spam" or spyware and has policies to prohibit abusive Internet behavior, including prohibiting the use of "spam" and spyware by our Web publisher partners.

Any failure by us to comply with applicable federal, state and foreign laws and the requirements of regulatory authorities may result in, among other things, indemnification liability to our customers and the advertising agencies we work with, administrative enforcement actions and fines, class action lawsuits, cease and desist orders, and civil and criminal liability. Recently, class action lawsuits have been filed alleging violations of privacy laws by Internet Service Providers ("ISPs"). The European Union's directive addressing data privacy limits our ability to collect and use information regarding Internet users. These restrictions may limit our ability to target advertising in most European countries. Our failure to comply with these or other federal, state or foreign laws could result in liability and materially harm our business.

In addition to government activity, privacy advocacy groups and the high-technology and direct marketing industries are considering various new, additional or different self-regulatory standards. This focus, and any legislation, regulations or standards promulgated, may impact us adversely. Governments, trade associations and industry self-regulatory groups may enact more burdensome laws, regulations and guidelines, including consumer privacy laws, affecting our customers and us. Since many of the proposed laws or regulations are just being developed, and a consensus on privacy and data usage has not been reached, we cannot yet determine the impact these proposed laws or regulations may have on our business. However, if the gathering of profiling information were to be curtailed, Internet advertising would be less effective, which would reduce demand for Internet advertising and harm our business.

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Third-parties may bring class action lawsuits against us relating to online privacy and data collection. We disclose our information collection and dissemination policies, and we may be subject to claims if we act or are perceived to act inconsistently with these published policies. Any claims or inquiries could be costly and divert management's attention, and the outcome of such claims could harm our reputation and our business.

Our customers are also subject to various federal and state laws concerning the collection and use of information regarding individuals. These laws include the Children's Online Privacy Protection Act, the Federal Drivers Privacy Protection Act of 1994, the privacy provisions of the Gramm-Leach-Bliley Act, the CAN-SPAM Act of 2003, as well as other laws that govern the collection and use of consumer credit information. We cannot assure you that our customers are currently in compliance, or will remain in compliance, with these laws and their own privacy policies. We may be held liable if our customers use our technologies in a manner that is not in compliance with these laws or their own stated privacy policies.

ADDITIONAL ACQUISITIONS MAY DISRUPT OUR BUSINESS, DIVERT THE ATTENTION OF OUR MANAGEMENT AND REQUIRE SIGNIFICANT CAPITAL INFUSIONS.

Our industry is characterized by growth through acquisitions. To compete effectively, we expect to make investments in complementary companies, technologies or assets and may consider a number of acquisitions, significant and otherwise, at any one time. Acquisitions could disrupt our ongoing business, distract the attention of our small number of senior managers, make it difficult to maintain our network and operational standards, controls and procedures and subject us to risks that are different, in nature and magnitude, than the risks we currently face.

We also may not be able to successfully integrate the services, products and personnel of any acquisition into our operations. We may be required to incur a significant amount of debt or issue a significant number of equity securities, which may dilute our stockholders' equity interest substantially, to pay for acquisitions and may be required to invest a substantial amount of cash to support the further development of any companies that we may acquire. Our acquisitions may not result in any return, or a sufficient return, on our investment and we may lose all or a substantial portion of our investment.

Risks Related To Our Financial Condition

WE HAVE INCURRED AND EXPECT TO CONTINUE TO INCUR OPERATING LOSSES

For the nine months ended September 30, 2007, after giving pro forma effect to the Merger Transactions, we would have had operating losses of $1,120,000. As of September 30, 2007, RightSide had an accumulated deficit of approximately $1.0 million and Duncan had an accumulated deficit of approximately $928,000. The Company expects that the operating losses will be incurred in the future as it continues to pursue additional acquisitions related to the internet business. We can make no assurances that we will achieve or sustain profitability or generate sufficient cash to meet our working capital and debt service requirements, which could have a material adverse effect on our business, financial condition and results of operations.

WE MAY NOT BE ABLE TO RAISE ADDITIONAL CAPITAL IF NECESSARY TO FUND OUR OPERATIONS AND CAPITAL MAY NEED TO BE RAISED ON TERMS THAT ARE NOT FAVORABLE

Our existing cash and cash generated by our operations may not be adequate to fund our operations and business plan, and additional financing may not be available when needed or, if available, financing may not be able to be obtained on favorable terms. Having insufficient funds may require us to delay, scale back or eliminate some or all of our operations. Failure to obtain adequate financing also may adversely affect our ability to operate as a going concern. If we raise additional funds from the issuance of equity securities, substantial dilution to existing stockholders may result. If we raise additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

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WE MAY EXPERIENCE CAPACITY CONSTRAINTS THAT COULD REDUCE OUR REVENUE.

Our future success depends in part on the efficient performance of our software and technologies, as well as the efficient performance of the systems of third-parties. As the numbers of Web pages and Internet users increase, our services and infrastructure may not be able to grow to meet the demand. A sudden and unexpected increase in the volume of advertising delivered through our servers or in click rates could strain the capacity of the software or hardware that we have deployed. Any capacity constraints we experience could lead to slower response times or system failures and adversely affect the availability of advertisements, the number of advertising views delivered and the level of user responses received, which would harm our revenue. To the extent that we do not effectively address capacity constraints or system failures, our business, results of operations and financial condition could be harmed substantially. We also depend on ISPs that provide consumers with access to the websites on which our customers' advertisements appear. Internet users have occasionally experienced difficulties connecting to the Web due to failures of their ISPs' systems. Any disruption in Internet access provided by ISPs or failures by ISPs to handle the higher volumes of traffic expected in the future could materially and adversely affect our revenue.

IT MAY BE DIFFICULT TO PREDICT OUR FINANCIAL PERFORMANCE BECAUSE OUR QUARTERLY OPERATING RESULTS MAY FLUCTUATE.

Our revenue and operating results may vary significantly from quarter to quarter due to a variety of factors, many of which are beyond our control. You should not rely on period-to-period comparisons of our results of operations as an indication of our future performance. Our results of operations may fall below the expectations of market analysts and investors or our own forecasts in some future periods. If this happens, the market price of our common stock may fall. The factors that may affect our quarterly operating results include, but are not limited to, the following:

- fluctuations in demand for our advertising solutions or changes in customer contracts;

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- fluctuations in click, lead, action, impression, and conversion rates;
- fluctuations in the amount of available advertising space, or views, on our networks;
- the timing and amount of sales and marketing expenses incurred to attract new advertisers;
- fluctuations in sales of different types of advertising; for example, the amount of advertising sold at higher rates rather than lower rates;
- fluctuations in the cost of online advertising;
- seasonal patterns in Internet advertisers' spending;
- fluctuations in our stock price which may impact the amount of stock-based compensation expense we are required to record;
- changes in our pricing and publisher compensation policies, the pricing and publisher compensation policies of our competitors, the pricing and publisher compensation policies of our advertiser customers, or the pricing policies for advertising on the Internet generally;
- timing differences at the end of each quarter between our payments to Web publishers for advertising space and our collection of advertising revenue for that space;
- possible impairments of the recorded amounts of goodwill, intangible assets, or other long-lived assets;
- the timing and amount of expenses associated with future litigation or restructuring activities;
- new accounting pronouncements, or new interpretations of existing accounting pronouncements, that impact the manner in which we account for, measure or disclose our results of operations, financial position or other financial measures;
- deterioration in the credit quality of our accounts receivable and an increase in the related provision;
- changes in our effective income tax rate; and
- costs related to acquisitions of technology or businesses.

Expenditures by advertisers also tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. Any decline in the economic prospects of advertisers or the economy generally may alter advertisers' current or prospective spending priorities, or may increase the time it takes us to close sales with advertisers, and could materially and adversely affect our business, results of operations and financial condition.

WE MAY BE LIABLE FOR CONTENT DISPLAYED ON OUR NETWORKS OF PUBLISHERS WHICH COULD INCREASE OUR EXPENSES.

We may be liable to third-parties for content in the advertising we deliver if the artwork, text or other content involved violates copyright, trademark, or other intellectual property rights of third-parties or if the content is defamatory. Any claims or counterclaims could be time-consuming, could result in costly litigation and could divert management's attention.

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TECHNOLOGY AND AFFILIATE MARKETING SALES AND IMPLEMENTATION CYCLES MAY BE LENGTHY, WHICH COULD DIVERT OUR FINANCIAL AND OTHER RESOURCES, AND ARE SUBJECT TO DELAYS, WHICH COULD RESULT IN DELAYED REVENUE.

If the sales and implementation cycles of our technology or affiliate marketing products and services are delayed, our revenue will likewise be delayed. Our technology and affiliate marketing sales and implementation cycles are often lengthy, causing us to recognize revenue long after our initial contact with a prospective customer. During our sales effort, we spend significant time educating prospective customers on the use and benefits of our products and services. As a result, the sales cycle for these products and services may range from a few weeks to several months to over one year for our larger customers. The sales cycle is likely to be longer because we believe that prospective customers may require more extensive approval processes related to integrating internal business information with their advertising campaigns. In addition, in order for technology customers or larger affiliate marketing customers to implement our services, they must commit a significant amount of resources over an extended period of time, and affiliate marketing customers must convert existing publishers and recruit and implement new publishers on our technology platform. Furthermore, even after a customer purchases our products and services, the implementation cycle is subject to delays. These delays may be caused by factors within our control, such as possible technology defects, as well as those outside our control, such as customers' budgetary constraints, internal acceptance reviews, functionality enhancements, lack of appropriate customer personnel to implement our applications, and the complexity of customers' advertising needs. Also, failure to deliver service or application features consistent with delivery commitments could result in a delay in revenue recognition or cancellation of a customer agreement.

WE MAY NOT BE ABLE TO PROTECT OUR INTELLECTUAL PROPERTY FROM UNAUTHORIZED USE, WHICH COULD DIMINISH THE VALUE OF OUR PRODUCTS AND SERVICES, WEAKEN OUR COMPETITIVE POSITION AND REDUCE OUR REVENUE.

Our success depends in large part on our proprietary technologies, including tracking management software, our affiliate marketing technologies, our display advertising technologies, our lead generation technologies, and our other systems technologies. In addition, we believe that our trademarks are key to identifying and differentiating our products and services from those of our competitors. We may be required to spend significant resources to monitor and police our intellectual property rights. If we fail to successfully enforce our intellectual property rights, the value of our products and services could be diminished and our competitive position may suffer.

We rely on a combination of copyright, trademark and trade secret laws, confidentiality procedures and licensing arrangements to establish and protect our proprietary rights. Third-party software providers could copy or otherwise obtain and use our technologies without authorization or develop similar technologies independently which may infringe upon our proprietary rights. We may not be able to detect infringement and may lose competitive position in the market before we do so. In addition, competitors may design around our technologies or develop competing technologies. Intellectual property protection may also be unavailable or limited in some foreign countries.

We intend to enter into confidentiality or license agreements with our employees, consultants, vendors, customers, and corporate partners, and generally control access to and distribution of our technologies, documentation and other proprietary information. Despite these efforts, unauthorized parties may attempt to disclose, obtain or use our products and services or technologies. Our precautions may not prevent misappropriation of our products, services or technologies, particularly in foreign countries where laws or law enforcement practices may not protect our proprietary rights as fully as in the United States.

IF WE FAIL TO KEEP PACE WITH RAPIDLY CHANGING TECHNOLOGIES, OUR EXPENSES COULD INCREASE, AND WE COULD LOSE CUSTOMERS AND ADVERTISING INVENTORY.

The Internet advertising market is characterized by rapidly changing technologies, evolving industry standards, frequent new product and service introductions, and changing customer demands. The introduction of new products and services embodying new technologies and the emergence of new industry standards and practices can render existing products and services obsolete and unmarketable or require unanticipated technology investments. Our success will depend on our ability to adapt to rapidly changing technologies, to enhance existing solutions and to develop and introduce a variety of new solutions to address our customers' and Web publisher partners' changing demands. For example,

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advertisers are increasingly requiring Internet advertising networks to have the ability to deliver advertisements utilizing new formats that surpass stationary images and incorporate rich media, such as video and audio, interactivity, and more precise consumer targeting techniques. Our systems do not support some types of advertising formats and some of the website publishers in our networks do not accept all types of advertising formats we support. In addition, an increase in the bandwidth of Internet access resulting in faster data delivery may provide new products and services that will take advantage of this expansion in delivery capability. If we fail to adapt successfully to such developments, we could lose customers or advertising inventory. We purchase most of the software used in our business. We intend to continue to acquire technologies from third-parties necessary for us to conduct our business from third-parties. We cannot assure you that, in the future, these technologies will be available on commercially reasonable terms, or at all. We may also experience difficulties that could delay or prevent the successful design, development, introduction or marketing of new solutions. Any new solution or enhancement that we develop will need to meet the requirements of our current and prospective customers and may not achieve significant market acceptance. If we fail to keep pace with technological developments and the introduction of new industry and technology standards on a cost-effective basis, our expenses could increase, and we could lose customers and advertising inventory.

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Risks Related To Our Industry

IF ADVERTISING ON THE INTERNET LOSES ITS APPEAL, OUR REVENUE COULD DECLINE.

The vast majority of our revenue for the year ended December 31, 2007 is for delivering advertisements that generate leads, impressions, click-throughs, and other actions to our advertiser customers' websites. This business model may not continue to be effective in the future for a number of reasons, including the following: click and conversion rates have always been low and may decline as the number of advertisements and ad formats on the web increases; web users can install "filter" software programs which allow them to prevent advertisements from appearing on their computer screens or email boxes; Internet advertisements are, by their nature, limited in content relative to other media; companies may be reluctant or slow to adopt online advertising that replaces, limits or competes with their existing direct marketing efforts; companies may prefer other forms of internet advertising we do not offer, including certain forms of search engine placements; companies may reject or discontinue the use of certain forms of online promotions that may conflict with their brand objectives; companies may not utilize online advertising due to concerns of "click-fraud", particularly related to search engine placements; and, perceived lead quality. If the number of companies who purchase online advertising from us does not continue to grow, we may experience difficulty in attracting publishers, and our revenue could decline.

IF OUR BUSINESS MODEL IS NOT ACCEPTED BY INTERNET ADVERTISERS OR WEB PUBLISHERS, OUR REVENUE COULD DECLINE.

Our ability to continue to generate significant revenue from advertisers will depend, in part, on our ability to continue to demonstrate the effectiveness of our various pricing models to advertisers and to web publishers; and, on our ability to attract and retain advertisers and web publishers by differentiating our technologies, products and services from those of our competitors. One component of our strategy is to enhance our advertiser customers' abilities to measure their return on investment and track the performance and effectiveness of their advertising campaigns. To date, not all of our advertiser customers have taken advantage of the most sophisticated tools we offer for tracking internet users' activities after they have reached the advertisers' websites. We will not be able to assure you that our strategy will succeed.

Intense competition among websites, internet search services and internet advertising services has led to the proliferation of a number of alternative pricing models for internet advertising. These alternatives, and the likelihood that additional pricing alternatives will be introduced, make it difficult for us to project the levels of advertising revenue or the margins that we, or the internet advertising industry in general, will realize in the future. Moreover, an increase in the amount of advertising on the web may result in a decline in click and/or conversion rates. Since we rely heavily on performance-based pricing models to generate revenue, any decline in click and/or conversion rates may make our pricing models less viable or less attractive solutions for web publishers and advertisers, and our revenue could decline.

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OUR REVENUE COULD DECLINE IF WE FAIL TO EFFECTIVELY MANAGE OUR EXISTING ADVERTISING SPACE AND OUR GROWTH COULD BE IMPEDED IF WE FAIL TO ACQUIRE NEW ADVERTISING SPACE.

Our success depends in part on our ability to effectively manage our existing advertising space. The Web publishers and email list owners that list their unsold advertising space with us are not bound by long-term contracts that ensure us a consistent supply of advertising space, which we refer to as inventory. In addition, Web publishers or email list owners can change the amount of inventory they make available to us at any time. If a Web publisher or email list owner decides not to make advertising space from its websites, newsletters or email lists available to us, we may not be able to replace this advertising space with advertising space from other Web publishers or email list owners that have comparable traffic patterns and user demographics quickly enough to fulfill our advertisers' requests. This would result in lost revenue.

We expect that our advertiser customers' requirements will become more sophisticated as the Web continues to mature as an advertising medium. If we fail to manage our existing advertising space effectively to meet our advertiser customers' changing requirements, our revenue could decline. Our growth depends on our ability to expand our advertising inventory. To attract new customers, we must maintain a consistent supply of attractive advertising space. We intend to expand our advertising inventory by selectively adding to our networks new Web publishers and email list owners that offer attractive demographics, innovative and quality content and growing Web user traffic and email volume. Our ability to attract new Web publishers and email list owners to our networks and to retain Web publishers and email list owners currently in our networks will depend on various factors, some of which are beyond our control. These factors include, but are not limited to: our ability to introduce new and innovative products and services, our ability to efficiently manage our existing advertising inventory, our pricing policies, and the cost-efficiency to Web publishers and email list owners of outsourcing their advertising sales. In addition, the number of competing intermediaries that purchase advertising inventory from Web publishers and email list owners continues to increase. We will not be able to assure you that the size of our advertising inventory will increase or even remain constant in the future.

WE MAY FACE INTELLECTUAL PROPERTY ACTIONS THAT ARE COSTLY OR COULD HINDER OR PREVENT OUR ABILITY TO DELIVER OUR PRODUCTS AND SERVICES.

We may be subject to legal actions alleging intellectual property infringement (including patent infringement), unfair competition or similar claims against us. Companies may apply for or be awarded patents or have other intellectual property rights covering aspects of our technologies or businesses. Any litigation alleging intellectual property infringement by us could be costly, could require us to change our business practices, could potentially hinder or prevent our ability to deliver our products and services, and could divert management's attention.

SEARCH PROVIDERS MAY CHANGE THEIR PROPRIETARY ALGORITHMS OR PROCESS

Because of Superfly's dependence upon Google and Yahoo, changes in the pay-per-click model and search process can significantly alter the profitability of our domain and arbitrage margin. These changes have occurred more frequently recently than in the past and may substantially decrease the profitability of Superfly.

IF THE TECHNOLOGY THAT WE CURRENTLY USE TO TARGET THE DELIVERY OF ONLINE ADVERTISEMENTS AND TO PREVENT FRAUD ON OUR NETWORKS IS RESTRICTED OR BECOMES SUBJECT TO REGULATION, OUR EXPENSES COULD INCREASE AND WE COULD LOSE CUSTOMERS OR ADVERTISING INVENTORY.

Websites typically place small files of non-personalized (or "anonymous") information, commonly known as cookies, on an Internet user's browser. Cookies generally collect information about users on a non-personalized basis to enable websites to provide users with a more customized experience. Cookie information is passed to the website through an Internet user's browser software. We currently use cookies to track an Internet user's movement through our advertiser customer's websites and to monitor and prevent potentially fraudulent activity on our networks. Most currently available Internet browsers allow Internet users to modify their browser settings to prevent cookies from being stored on their hard drive, and some users currently do so. Internet users can also delete cookies from their hard drives at any time. Some Internet commentators and privacy advocates have suggested limiting or eliminating the use of cookies, and legislation has been introduced in some jurisdictions to regulate the use of cookie technology. The effectiveness of our technology could be limited by any reduction or limitation in

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the use of cookies. If the use or effectiveness of cookies were limited, we would have to switch to other technologies to gather demographic and behavioral information. While such technologies currently exist, they are substantially less effective than cookies. We would also have to develop or acquire other technology to prevent fraud on our networks. Replacement of cookies could require significant reengineering time and resources, might not be completed in time to avoid losing customers or advertising inventory, and might not be commercially feasible. Our use of cookie technology or any other technologies designed to collect Internet usage information may subject us to litigation or investigations in the future. Any litigation or government action against us could be costly and time consuming, could require us to change our business practices and could divert management's attention.

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WE COULD LOSE CUSTOMERS OR ADVERTISING INVENTORY IF WE FAIL TO MEASURE IMPRESSIONS, CLICKS AND ACTIONS ON ADVERTISEMENTS IN A MANNER THAT IS ACCEPTABLE TO OUR ADVERTISERS AND WEB PUBLISHERS.

We earn revenue from advertisers and make payments to Web publishers based on the number of impressions, clicks and actions from advertisements delivered on our networks of websites and email lists. Advertisers' and Web publishers' willingness to use our products and services and join our networks will depend on the extent to which they perceive our measurements of impressions, clicks and actions to be accurate and reliable. Advertisers and Web publishers often maintain their own technologies and methodologies for counting impressions, clicks and actions, and from time to time we have had to resolve differences between our measurements and theirs. Any significant dispute over the proper measurement of user responses to advertisements could cause us to lose customers or advertising inventory.

IF WE FAIL TO COMPETE EFFECTIVELY AGAINST OTHER INTERNET ADVERTISING COMPANIES, WE COULD LOSE CUSTOMERS OR ADVERTISING INVENTORY AND OUR REVENUE AND RESULTS OF OPERATIONS COULD DECLINE.

The Internet advertising markets are characterized by rapidly changing technologies, evolving industry standards, frequent new product and service introductions, and changing customer demands. The introduction of new products and services embodying new technologies and the emergence of new industry standards and practices could render our existing products and services obsolete and unmarketable or require unanticipated technology or other investments. Our failure to adapt successfully to these changes could harm our business, results of operations and financial condition.

The market for Internet advertising and related products and services is highly competitive. We expect this competition to continue to increase because there are no significant barriers to entry. Increased competition may result in price reductions for advertising space, reduced margins and loss of our market share. Our principal competitors include other companies that provide advertisers with Internet advertising solutions and companies that offer pay-per-click search services. Large websites with brand recognition, such as Yahoo, AOL and MSN, have direct sales personnel and substantial proprietary online advertising inventory that provide significant competitive advantages compared to our networks and have a significant impact on pricing for online advertising overall. These companies have longer operating histories, greater name recognition and have greater financial, technical, sales, and marketing resources than we have.

Competition for advertising placements among current and future suppliers of Internet navigational and informational services, high-traffic websites and Internet service providers ("ISPs"), as well as competition with other media for advertising placements, could result in significant price competition, declining margins and reductions in advertising revenue. Google has made available offline public-domain works through its search engine, which creates additional competition for advertisers. In addition, as we continue our efforts to expand the scope of our Web services, we may compete with a greater number of Web publishers and other media companies across an increasing range of different Web services, including in vertical markets where competitors may have advantages in expertise, brand recognition and other areas. If existing or future competitors develop or offer products or services that provide significant performance, price, creative or other advantages over those offered by us, our business, results of operations and financial condition would be negatively affected. We also compete with traditional advertising media, such as direct mail, television, radio, cable, and print, for a share of advertisers' total advertising budgets. Many current and potential competitors enjoy competitive advantages over us, such as longer operating histories, greater name recognition, larger customer bases, greater access to advertising space on high-traffic websites, and significantly greater financial, technical, sales, and marketing resources. As a result, we may not be able to compete successfully. If we fail to compete successfully, we could lose customers or advertising inventory and our revenue and results of operations could decline.

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OUR REVENUE AND RESULTS OF OPERATIONS COULD BE NEGATIVELY IMPACTED IF INTERNET USAGE AND THE DEVELOPMENT OF INTERNET INFRASTRUCTURE DO NOT CONTINUE TO GROW.

Our business and financial results will depend on continued growth in the use of the Internet. Internet usage may be inhibited for a number of reasons, such as: inadequate network infrastructure; security concerns; inconsistent quality of service; and, unavailability of cost-effective, high-speed service.

If Internet usage grows, our infrastructure may not be able to support the demands placed on it and our performance and reliability may decline. In addition, websites have experienced interruptions in their service as a result of outages and other delays occurring throughout the Internet network infrastructure, and as a result of sabotage, such as electronic attacks designed to interrupt service on many websites. The Internet could lose its viability as a commercial medium due to delays in the development or adoption of new technologies required to accommodate increased levels of Internet activity. If use of the Internet does not continue to grow, or if the Internet infrastructure does not effectively support our growth, our revenue and results of operations could be materially and adversely affected.

OUR REVENUE AND RESULTS OF OPERATIONS MAY BE MATERIALLY, ADVERSELY AFFECTED IF THE MARKET FOR E-COMMERCE DOES NOT CONTINUE TO GROW OR GROWS SLOWER THAN EXPECTED.

Because many of our customers' advertisements encourage online purchasing, our long-term success may depend in part on the continued growth and market acceptance of e-commerce. Our business may be adversely affected if the market for e-commerce does not continue to grow or grows slower than expected. A number of factors outside of our control could hinder the future growth of e-commerce, including, but not limited to, the following:

- the network infrastructure necessary for substantial growth in Internet usage may not develop adequately and our performance and reliability may decline;

- insufficient availability of telecommunication services or changes in telecommunication services could result in inconsistent quality of service or slower response times on the Internet;

- negative publicity and consumer concern surrounding the security of e-commerce; and

- financial instability of e-commerce customers.

In particular, any well-publicized compromise of security involving Web-based transactions could deter people from purchasing items on the Internet, clicking on advertisements, or using the Internet generally, any of which could cause us to lose customers and advertising inventory and which could materially, adversely affect our revenue and results of operations.

WE MAY BE REQUIRED TO RECORD A SIGNIFICANT CHARGE TO EARNINGS IF OUR GOODWILL OR AMORTIZABLE INTANGIBLE ASSETS BECOME IMPAIRED.

We are required under accounting principles generally accepted in the United States to review our amortizable intangible assets for impairment whenever events and circumstances indicate that the carrying value of such assets may not be recoverable. We are also required to review goodwill for impairment on an annual basis, or between annual tests whenever events and circumstances indicate that the carrying value of goodwill may not be recoverable. Events and circumstances considered in determining whether the carrying value of amortizable intangible assets and goodwill may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; a significant decline in the Company's stock price for a sustained period of time; and changes in the Company's business strategy. We may be required to record a significant charge to earnings in a period in which any impairment of our goodwill or amortizable intangible assets is determined.

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WE MAY INCUR LIABILITIES TO TAX AUTHORITIES IN EXCESS OF AMOUNTS THAT HAVE BEEN ACCRUED WHICH MAY ADVERSELY IMPACT OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The preparation of our consolidated financial statements requires estimates of the amount of income tax that will become payable in each of the jurisdictions in which we operate. We may be challenged by the taxing authorities in these jurisdictions and, in the event that we are not able to successfully defend our position, we may incur significant additional income tax liabilities which may have an adverse impact on our results of operations and financial condition.

NEW ACCOUNTING STANDARDS COULD IMPACT OUR RESULTS OF OPERATIONS, FINANCIAL CONDITION AND OTHER FINANCIAL MEASURES.

From time to time, the Financial Accounting Standards Board, the SEC and other regulatory bodies may issue new and revised standards, interpretations and other guidance that change Generally Accepted Accounting Principles in the United States (GAAP). The effects of such changes may include prescribing an accounting method where none had been previously specified, prescribing a single acceptable method of accounting from among several acceptable methods that currently exist, or revoking the acceptability of a current method and replacing it with an entirely different method, among others. Such changes to GAAP could impact our results of operations, financial condition and other financial measures.

IF WE FAIL TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROLS, WE MAY NOT BE ABLE TO ACCURATELY REPORT OUR FINANCIAL RESULTS OR PREVENT FRAUD AND OUR BUSINESS MAY BE HARMED AND OUR STOCK PRICE MAY BE ADVERSELY IMPACTED.

Effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. Any inability to provide reliable financial reports or to prevent fraud could harm our business. The Sarbanes-Oxley Act of 2002 requires management to evaluate and assess the effectiveness of our internal control over financial reporting. In order to continue to comply with the requirements of the Sarbanes-Oxley Act, we are required to continuously evaluate and, where appropriate, enhance our policies, procedures and internal controls. If we fail to maintain the adequacy of our internal controls, we could be subject to regulatory scrutiny and investors could lose confidence in the accuracy and completeness of our financial reports. We cannot assure you that in the future we will be able to fully comply with the requirements of the Sarbanes-Oxley Act or that management will conclude that our internal control over financial reporting is effective. If we fail to fully comply with the requirements of the Sarbanes-Oxley Act, our business may be harmed and our stock price may decline.

DECREASED EFFECTIVENESS OF EQUITY COMPENSATION COULD ADVERSELY AFFECT OUR ABILITY TO ATTRACT AND RETAIN EMPLOYEES AND HARM OUR BUSINESS, AND RECENTLY ADOPTED CHANGES IN ACCOUNTING FOR EQUITY COMPENSATION WILL ADVERSELY AFFECT EARNINGS.

We will use stock options as a key component of our employee compensation program in order to align employees' interests with the interests of our stockholders, encourage employee retention, and provide competitive compensation packages. Volatility or lack of positive performance in our stock price may adversely affect our ability to retain key employees or to attract additional highly-qualified personnel. At any given time, a portion of our outstanding employee stock options may have exercise prices in excess of our then-current stock price. To the extent these circumstances occur, our ability to retain employees may be adversely affected. Moreover, applicable listing standards relating to obtaining stockholder approval of equity compensation plans could make it more difficult or expensive for us to grant stock options or other stock-based awards to employees in the future. As a result, we may incur increased compensation costs, change our equity compensation strategy or find it difficult to attract, retain and motivate employees, any of which could materially, adversely affect our business.

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Risks Related To Our Common Stock

THERE IS NO ESTABLISHED TRADING MARKET FOR OUR COMMON STOCK WHICH MAY IMPAIR YOUR ABILITY TO SELL YOUR SHARES.

Our common stock is currently quoted on the Over-the-Counter Bulletin Board under the symbol "MORX." There has been no established trading market for our common stock since our inception. The lack of an active market may make it difficult to obtain accurate quotations of the price of our common stock and impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies or technologies by using common stock as consideration.

OUR STOCK PRICE IS LIKELY TO BE VOLATILE AND COULD DROP UNEXPECTEDLY.

The stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices of securities, particularly securities of technology companies. Assuming we are able to establish and maintain an active trading market for our common stock, the market price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including:

- announcements of acquisitions, reserve discoveries or other business initiatives by our competitors;
- changes in the demand for internet data and direct marketing, including changes resulting from the introduction or expansion of alternative mediums or forms of advertising;
- quarterly variations in our revenues and operating expenses;
- dilution caused by our issuance of additional shares of common stock and other forms of equity securities, which we expect to make in connection with future capital financings to fund our operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies;
- significant sales of our common stock, including sales by selling stockholders and by future investors in future offerings we expect to make to raise additional capital;
- changes in analysts' estimates affecting us, our competitors or our industry;
- changes in the valuation of similarly situated companies, both in our industry and in other industries;
- changes in the accounting methods used in or otherwise affecting our industry; or
- fluctuations in interest rates and the availability of capital in the capital markets;

These and other factors are largely beyond our control, and the impact of these risks, singly or in the aggregate, may result in material adverse changes to the market price of our common stock and our results of operations and financial condition. As a result, the market price of our common stock may materially decline, regardless of our operating performance. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation of this type is often expensive and diverts management's attention and resources.

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OUR OPERATING RESULTS MAY FLUCTUATE SIGNIFICANTLY, AND THESE FLUCTUATIONS MAY CAUSE OUR STOCK PRICE TO DECLINE.

Our operating results will likely vary in the future as the result of fluctuations in our revenues and operating expenses, including expenses that we incur and other factors. If our results of operations do not meet the expectations of current or potential investors, the price of our common stock may decline.

APPLICABLE SEC RULES GOVERNING THE TRADING OF "PENNY STOCKS" WILL LIMIT THE TRADING AND LIQUIDITY OF OUR COMMON STOCK, WHICH MAY AFFECT THE TRADING PRICE OF OUR COMMON STOCK.

Our common stock is presently considered to be a "penny stock" and is subject to SEC rules and regulations which impose limitations upon the manner in which such shares may be publicly traded and regulate broker-dealer practices in connection with transactions in such stocks. Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules which may increase the difficulty investors may experience in attempting to liquidate such securities.

NATIONAL ASSOCIATION OF SECURITIES DEALERS ("NASD") SALES PRACTICE REQUIREMENTS MAY ALSO LIMIT A STOCKHOLDER'S ABILITY TO BUY AND SELL OUR STOCK.

In addition to the penny stock rules described above, NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

WE DO NOT EXPECT TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in the common stock.

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THE STOCK PURCHASE MAY NOT BE CONSUMMATED

Pursuant to the AAA Acquisition Agreement, on the Closing Date we acquired all outstanding shares of AAA from the shareholders of AAA in exchange for 4,200,000 shares of Company Common Stock, representing 21.35% of the outstanding Company Common Stock as of the Closing Date. The only asset of AAA is the Ad Authority Stock Purchase Agreement, and certain related agreements. The transactions contemplated pursuant to the Ad Authority Stock Purchase Agreement may not be consummated. However, shares issued to the shareholders of AAA pursuant to the AAA Stock Purchase Agreement will remain outstanding regardless of whether the transactions contemplated pursuant to the Ad Authority Stock Purchase Agreement are consummated.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes appearing elsewhere in this filing. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under "Risk Factors" and elsewhere in this filing.

Overview

Background

This discussion and analysis consists of narrative on two of our subsidiaries, RightSide and Duncan. Both companies have operations related to or operating on the internet. Substantially all of the transactions of RightSide and Duncan are conducted on the internet. RightSide is a financial newsletter publisher and Duncan is in the business of search arbitrage. Prior to the Merger Transactions, RightSide and Duncan shared the same majority shareholders.

RightSide was organized in May 2006 for the purpose of acquiring three affiliated operating companies (referred to as the "RightSide Advisors") that provide financial newsletters to subscribers over the internet. The financial newsletters report and give opinions on topics related to investing and the stock market. In addition, the operating companies receive fees for renting their customer lists and receive fees for advertisements placed on their websites. In June 2007, RightSide acquired substantially all of the business assets owned by an unrelated party, 21st Century Investors Publishing Corporation ("21st Century"), in a transaction accounted for as a purchase. The assets were merged into the operations of RightSide. 21st Century is in the same business as the RightSide Advisors companies providing financial newsletters to subscribers over the internet. Additionally, 21st Century provides some direct mail distribution of its products.

Duncan was organized in November 2006 to seek acquisitions in the internet business services sector and to provide management services for companies owned by the investor group of common shareholders of RightSide and Duncan. In January 2007, Duncan acquired all of the outstanding stock of Superfly, including its wholly-owned subsidiary, Treefrog Commerce, Inc. Superfly conducts search arbitrage campaigns on the internet via popular search websites such as Google and Yahoo. In a typical search word campaign, the user or customer is redirected to a domain page owned by Superfly where upon clicking on a merchant link, a fee is earned from the merchant at a higher rate than the fee paid to the search website by Superfly.

RightSide and Duncan have incurred considerable net losses since inception. As of September 30, 2007, RightSide had an accumulated deficit of approximately $1.0 million and Duncan had an accumulated deficit of approximately $928,000. The Company expects that operating losses will be incurred in the future as it continues to pursue additional acquisitions related to the internet business.

Revenues

RightSide generates revenue from subscriptions of its financial newsletters. Subscription revenues are recorded as deferred revenue when cash is received at the initiation of the subscription period and is recognized ratably over the life of the subscription which generally varies from one month to five years. Additionally, RightSide generates revenue from renting its customer lists to outside companies conducting email campaigns marketing various financial products. Subscriptions for financial newsletters have a high turnover rate and are dependent on the Company's success with marketing efforts going forward in order to retain current customers and obtain new customers. Additionally, since the financial newsletters are sold primarily to investors and traders, overall downturns or fluctuations in the financial markets can affect new subscriptions and renewals.

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Duncan, through its subsidiary Superfly, generates revenue as customers click through advertisements used in the search word campaigns described above. This is referred to as pay-per-click revenue. Pay-per-click revenues or search arbitrage, are highly uncertain in today's environment on the internet. Search engine providers such as Google and Yahoo are continually altering and varying the criteria for conducting search word campaigns which alter the results that a user will experience doing a search. In the past, this has caused material fluctuations in pay-per-click revenues and the Company expects this to continue in the future.

Cost of sales

Duncan's cost of sales consists primarily of pay-per-click costs. As Superfly conducts search word campaigns, it incurs direct costs related to the cost per word in each campaign. Each time a user searches for a word in the search word campaign, a cost is incurred based on amounts bid for each word in the search word campaign. Additionally, costs are incurred for hosting services to host the domains which Superfly maintains in order to redirect the user to the merchant.

Operating expenses

RightSide's operating expenses consist primarily of consulting fees paid to the independent writers of the newsletters, employee salaries and benefits, marketing expenses, professional fees, amortization of intangible assets, depreciation and other expense related to RightSide's operations. In addition, operating expenses include insurance and facilities costs.

Duncan's operating expenses consist primarily of employee salaries and benefits, hosting expense, professional fees, amortization of intangible assets, depreciation and other expense related to Duncan's operations. In addition, operating expenses include insurance and facilities costs.

The Company anticipates increases in operating expenses as it adds personnel and increases it efforts for marketing newsletters. Additionally, as the Company becomes subject to more complex reporting obligations applicable to publicly-held companies, and continues to seek acquisitions of companies in the internet sector, professional fees will continue to increase in the future.

Income tax expense

Both RightSide and Duncan, prior to the merger, recorded income tax expense separately based on estimated federal and state taxes rates. Each company files consolidated tax returns whereby RightSide files on a cash basis and Duncan files on an accrual basis. Differences in net income per the books and records versus taxable income are accounted for using the asset and liability approach.

Purchase of subsidiaries and business assets

In June 2006, RightSide acquired the RightSide Advisors companies as noted above. The acquisition was financed by private capital raised from the sale of stock and notes issued to the sellers. The activities of RightSide Advisors has been included in the operations of RightSide since the acquisition date. Total purchase price was $4,046,506, with $2,489,639 paid in cash and $1,556,867 given in notes. The following is a summary of assets acquired and liabilities assumed:

Cash	$374,507
Other assets	27,451
Property and equipment	128,493
Software	400,000
Customer lists and Domains	346,267
Goodwill	3,505,386
Deferred revenue	(472,959)
Other liabilities	(262,639)

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Net purchase price	$4,046,506

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In June 2007, RightSide acquired the 21st Century assets as noted above. The acquisition was financed by private capital raised from the sale of stock and with equity issued to the seller. The activities of 21st Century have been included in the operations of RightSide since the acquisition date. Total purchase price was $1,200,000 with $700,000 paid in cash and $500,000 given in common stock of RightSide. The following is a summary of assets acquired and liabilities assumed:

Customer lists, domains & trade names	$609,144
Non-compete agreements	201,147
Goodwill	785,040
Deferred revenue	(395,331)
Net purchase price	$1,200,000

In January 2007, Duncan acquired Superfly as noted above. The acquisition was financed by private capital raised from the sale of stock and with notes issued to the sellers. The activities of Superfly have been included in the operations of Duncan since the acquisition date. Total purchase price was $5,000,000 with $3,500,000 paid in cash and $1,500,000 given in notes. The following is a summary of assets acquired and liabilities assumed:

Cash	$171,111
Accounts and other receivables	328,694
Other current assets	9,226
Property and equipment	46,723
Domain names	1,900,624
Non-compete agreements	1,079,708
Goodwill	1,543,129
Accounts payable and accrued expenses	(79,215)
Net purchase price	$5,000,000

Application of Critical Accounting Policies and Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying amount is not recoverable, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its fair value.

Deferred Revenue/Revenue Recognition

RightSide deferred revenue represents funds received in advance of providing subscriptions where the term of the subscription extends past the reporting period. Subscription revenue is recognized over the terms of the subscription. List rental and advertising revenues on RightSide are recognized at the time of placement. Cash payment for subscriptions and list rental are generally received before revenue recognition. Returns or chargebacks for subscriptions are recorded immediately and are immaterial to total revenues.

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Duncan revenues consist of pay-per-click and are recognized as websites are visited on a per-click basis. For Duncan, three customers were considered more than 10% customers, individually, for the periods presented.

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Net Operating Losses and Tax Credit Carryforwards

At September 30, 2007, RightSide and Duncan had federal and state net operating loss carryforwards of approximately $222,000 and $45,000, respectively, which will expire in years 2028 through 2029. A valuation allowance has been established to reserve the potential benefits of these carryforwards in the financial statements to reflect the uncertainty of future taxable income required to utilize available tax loss carryforwards and other deferred tax assets. If a change in RightSide's or Duncan's ownership is deemed to have occurred or occurs in the future, the Company's ability to use its net operating loss carryforwards in any fiscal year may be limited.

Results of Operations

RightSide and Duncan have only had operations for partial portions of the periods presented herewith, the nine months ended September 30, 2007 and September 30, 2006, and the years ended December 31, 2006 and December 31, 2005. Therefore, this discussion and analysis will include RightSide's and Duncan's acquired companies for the respective nine month and full year periods. We will provide discussion below of each of the operating companies acquired by RightSide and Duncan. The companies acquired by RightSide are RightSide Advisors, which includes a combined group of companies in the financial newsletter business, and 21st Century Publishing, Inc. Duncan, since its inception, has acquired one company, Superfly. See above for acquisition dates. Also, see financial statements filed as Exhibits to this Current Report.

Nine Months Ended September 30, 2007 and September 30, 2006

RightSide

Revenues. RightSide was incorporated in May of 2006 and for the remainder of the calendar year 2006 remained a holding company for RightSide Advisors. There is no revenue for RightSide for the nine months ended September 30, 2007 and September 30, 2006.

Operating Expenses. Operating expenses for RightSide consist of general and administrative costs such as professional fees, management, rent and amortization of intangibles. For RightSide, operating expenses for the nine months ended September 30, 2007 were approximately $299,000, compared to $427,000 for the period beginning May 6, 2006 (inception) and ended September 30, 2006. The decrease in expenses is due primarily to decreases in advisory fees paid to a related party in connection with the acquisition of RightSide Advisors. Amortization and deprecation expenses have increased in 2007 due to the longer period.

Interest expense. For the nine month period ended September 30, 2007 interest expense was approximately $133,000, related to seller notes provided to previous owners of Rightside Advisors. For 2006, interest expense was $30,000.

Income tax expense. For both periods, no income tax expense has been recorded due to cumulative net operating losses and the uncertainty of future utilization of tax loss carryforwards.

RightSide Advisors

Newsletter Revenues. Revenues for the financial newsletter businesses consist of subscriptions, list rental and advertising revenue. For RightSide Advisors, total newsletter revenues for the nine months ended September 30, 2007 were approximately $1,786,000 compared to $1,838,000 for the same period ended September 30, 2006. The decrease is due primarily to decreased subscription revenues from a lower number of subscribers. This is offset by an increase in list rental revenues, which have increased due to focus by management. New management of RightSide Advisors has placed more emphasis and effort on growing list rentals. The newsletter subscription business faces increased competition and for RightSide Advisors is relatively flat period over period.

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Direct newsletter expenses . Direct newsletter expenses consists of contributor/writer costs, merchant card fees, and fulfillment costs. For RightSide Advisors, total direct expenses for newsletters for the nine months ended September 30, 2007 were approximately $674,000 compared to $360,000 for the same period ended September 30, 2006.

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Operating Expenses. Operating expenses consist of general and administrative costs such as payroll, payroll taxes, professional fees, rent and management fees. For RightSide Advisors, operating expenses for the nine months ended September 30, 2007 were approximately $846,000 compared to $819,000 for the same period ended September 30, 2006. [The decrease was due primarily to decreases in payroll costs which were offset by increases in management fees.] Payroll expense in 2006 was elevated due to bonus payments made to the former owners of the RightSide prior to the sale to RightSide. The decrease in payroll expense in 2006 is offset by increases of management fees paid for advisory services and management fees paid to Duncan Media Group, Inc.

Non-controlling Interest in Income of Consolidated Subsidiary expense. RightSide Advisors is a partner with a third party in one of its operating subsidiaries, Option Investors LLC. Since RightSide Advisors has control of Option Investors LLC, all revenues and expenses are consolidated with RightSide Advisors and distributions due to the third party are recorded as Non-controlling Interest in Income of Consolidated Subsidiary. For RightSide Advisors, Non-controlling Interest in Income of Consolidated Subsidiary expense for the nine months ended September 30, 2007 was approximately $203,000 compared to $236,000 for the same period ended September 30, 2006, which is comparable period to period.

Income tax expense. For the periods prior to purchase by RightSide, RightSide Advisors was organized as an S Corporation and no income tax expense is recorded. Taxes are incurred and paid by the owners.

21st Century

Newsletter Revenues. Revenues for the financial newsletter businesses consist of subscriptions, list rental and advertising revenue. For 21st Century, total newsletter revenues for the nine months ended September 30, 2007 was approximately $901,000 compared to $1,334,000 for the same period ended September 30, 2006. The decrease is due primarily to decreased subscriptions. List rental and advertising revenues have remained consistent period over period. We believe that the former management of 21st Century decreased its marketing efforts during the periods which caused the decrease. Additionally, the newsletter subscription business faces increased competition.

Direct newsletter expenses. Direct newsletter expenses consist of contributor/writer costs, merchant card fees, and fulfillment costs. For 21st Century, total direct expenses for newsletters for the nine months ended September 30, 2007 were approximately $577,000 compared to $506,000 for the same period ended September 30, 2006. The increase is due primarily to additional postage mail promotions which have a higher cost of fulfillment. In the 2007 period, after the purchase of 21st Century by RightSide, marketing promotions were done via email distribution which has a lower cost.

Operating Expenses. Operating expenses consist of general and administrative costs such as payroll, payroll taxes, professional fees, rent and management fees. For 21st Century, operating expenses for the nine months ended September 30, 2007 were approximately $196,000, compared to $1,239,000 for the same period ended September 30, 2006. The decrease was due primarily to decreases in management and payroll costs, facilities and other office expenses. The previous owners of 21st Century had more personnel and head count related costs to operate the business versus ownership by RightSide. The purchase of 21st Century by RightSide enabled the elimination of duplicate facilities and infrastructure cost as well as a significant decrease in personnel.

Income tax expense. For the periods prior to purchase by RightSide, 21st Century was organized as an S Corp. and no income tax expense is recorded. Taxes are incurred and paid by the owners.

Duncan

Management services revenues. Duncan operates as the holding company for Superfly and also provides management services to RightSide and RightSide Advisors related to corporate and operational matters. Duncan and Rightside share the same officers and directors. Additionally, Duncan performs analysis and due diligence related to potential acquisitions for internet related companies. Duncan management fees for the nine months ended September 30, 2007 were approximately $235,000. Since Duncan was incorporated in November of 2006, there are no revenues for the nine month period ended September 30, 2006. Management services fees were charged to RightSide.

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General and administrative expenses. General and administrative expenses consist primarily of payroll expenses, advisory fees (paid to a related party), and professional fees. General and administrative expenses for the nine months ended September 30, 2007 was approximately $956,000. Since Duncan was incorporated in November of 2006, there are no revenues for the nine months ended September 30, 2006.

Income tax expense. Since its inception, Duncan has generated net operating losses and thus has no tax expense for the periods.

Superfly

Pay-per-click Revenues. Superfly records revenues on a pay-per-click basis as it conducts search word campaigns (also referred to as search arbitrage) via internet web sites such as Google and Yahoo and redirects the user to a domain page. In the search word campaign, the user or customer is redirected to a domain page owned by Superfly where upon clicking on a merchant link, a fee is earned from the merchant at a higher rate than paid for by Superfly in the search word campaign. Pay-per-click revenues for the nine months ended September 30, 2007 were approximately $3,625,000 compared to $3,382,000 for the same period ended September 30, 2006, which are consistent period to period.

Pay-per-click expenses. Pay-per-click expenses for the nine months ended September 30, 2007 were approximately $2,154,000 compared to $1,445,000 for the same period ended September 30, 2006. The increase is due primarily to increased costs related to the search word campaigns as described above. In order to maintain favorable results in a user search, higher amounts are required for bidding key word searches. In addition, Superfly has entered into a joint venture agreement with one of the former stockholders of Superfly that allows the use of the former stockholder's websites and domains for the purpose of search arbitrage. The profits generated on searches using these websites share a percentage of those profits with the former shareholder. This additional cost for conducting searches has increased pay-per-click expenses period over period.

General and administrative expenses. General and administrative costs for Superfly consist primarily of payroll expense and to a lesser extent professional fees, domain expense and rent. For Superfly, general and administrative expenses for the nine months ended September 30, 2007 was approximately $201,000 compared to $116,000 for the same period ended September 30, 2006. The increase was due primarily to increases in payroll costs.

Amortization expense. Amortization expense for Superfly relates to the amortization of intangible assets recorded as part of the acquisition of Superfly by Duncan. Duncan utilized push-down accounting for the excess of purchase price over book basis of assets and liabilities at the time of purchase. Accordingly, amortization expense began in 2007. Amortization expense for the nine months ended September 30, 2007 was approximately $1,039,000. There was no amortization expense in the 2006 comparable period.

Interest expense. For the nine month period ended September 30, 2007 interest expense was approximately $49,000, related to seller notes provided to previous owners of Superfly.

Income tax expense. Income tax expense for the nine months ended September 30, 2007 was approximately $149,000. There was no expense for the same period ended September 30, 2006. Prior to purchase by Duncan, Superfly was organized as an S Corporation, and no income tax expense is recorded due to taxes being incurred and paid by the owners at that time. In 2007, a tax expense is recorded due to differences in the deductibility of amortization expense for book purposes versus tax.

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Years Ended December 31, 2006 and 2005

RightSide

Revenues. RightSide was incorporated in May of 2006 and for the remainder of the calendar year 2006 remained a holding company for RightSide Advisors. There is no revenue for RightSide for the years ended December 31, 2006 and December 31, 2005.

Operating Expenses. Operating expenses for RightSide consist of general and administrative costs such as professional fees, management, rent and amortization of intangibles. For RightSide, operating expenses for the period beginning May 6, 2006 (inception) and ended December 31, 2006 were approximately $485,000. There is no comparable period for 2005. Professional fees of $320,000 were paid to a related party for advisory fees. Amortization expense for the 2006 period was $90,000.

Interest expense. For the period beginning May 6, 2006 (inception) and ended December 31, 2006 interest expense was approximately $55,000, related to seller notes provided to previous owners of Rightside Advisors.

Income tax expense. For both periods, no income tax expense has been recorded due to cumulative net operating losses and the uncertainty of future utilization of tax loss carryforwards.

RightSide Advisors

Newsletter Revenues. Revenues for the financial newsletter businesses consist of subscriptions, list rental and advertising revenue. For RightSide Advisors, total newsletter revenues for the year ended December 31, 2006 were approximately $2,546,000 compared to $2,311,000 for the year ended December 31, 2005. The increase is due primarily to increased subscription and list rentals. In 2006, RightSide Advisors began its list rental operations.

Direct newsletter expense . Direct newsletter expenses consist of contributor/writer costs, merchant card fees, and fulfillment costs. For RightSide Advisors, total direct expenses for newsletters for the year ended December 31, 2006 were approximately $856,000 compared to $969,000 for the year ended December 31, 2005. The decrease in expense is due primarily to fewer costs in 2006 related to contributors/writers.

Operating Expenses. Operating expenses consist of general and administrative costs such as payroll, payroll taxes, professional fees, rent and management fees. For RightSide Advisors, operating expenses for the year ended December 31, 2006 were approximately $1,205,000 compared to $966,000 for the year ended December 31, 2005. The increase was due primarily to bonuses paid to the former owners of RightSide Advisors prior to selling the business to RightSide. Additional professional fees were incurred related to the selling of the business.

Non-controlling Interest in Income of Consolidated Subsidiary expense. RightSide Advisors is a partner with a third party in one of its operating subsidiaries, Option Investors LLC. Since RightSide Advisors owns 50% of Options Investors LLC and has control of Option Investors LLC, all revenues and expenses are consolidated with RightSide Advisors and distributions due to the third party are recorded as Non-controlling Interest in Income of Consolidated Subsidiary. For RightSide Advisors, Non-controlling Interest in Income of Consolidated Subsidiary expense for the year ended December 31, 2006 was approximately $239,000 compared to $456,000 for the same period ended December 31, 2005. The decrease in expense from 2005 is due to a decreasing scale of distributions due to the third party under the distribution agreement of the LLC. Profits earned on newsletters are distributed based on a formula contained in the agreement that decreases over time in favor of RightSide Advisors.

Income tax expense. No tax expense was recorded in 2006 due to net operating losses for book and tax purposes. In addition, for the periods prior to purchase by RightSide, RightSide Advisors was organized as an S corporation and no income tax expense is recorded. Taxes are incurred and paid by the owners.

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21st Century

Newsletter Revenues. Revenues for the financial newsletter businesses consist of subscriptions, list rental and advertising revenue. For 21st Century, total newsletter revenues for the year ended December 31, 2006 was approximately $1,750,000 compared to $2,421,000 for the same period ended December 31, 2005. The decrease is due to decreased subscriptions and decreased list rental revenues. We believe that the former management of 21st Century decreased its marketing efforts during the periods which caused the decrease. Additionally, the newsletter subscription business faces increased competition.

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Direct expenses for newsletters. Direct expenses related to newsletters consist of contributor/writer costs, merchant card fees, and fulfillment costs. For 21st Century, total direct expenses for newsletters for the year ended December 31, 2006 was approximately $633,000 compared to $1,190,000 for the year ended December 31, 2005. The decrease is due in part from lower revenues and related expenses. Additionally, marketing and promotion expense decreased significantly.

Operating Expenses. Operating expenses consist of general and administrative costs such as payroll, payroll taxes, professional fees, rent and management fees. For 21st Century, operating expenses for the year ended December 31, 2006 was approximately $1,154,000 compared to $1,513,000 for the year ended December 31, 2005. The decrease was due primarily to lower payroll costs.

Income tax expense. For the periods prior to purchase by RightSide, 21st Century was organized as an S corporation and no income tax expense is recorded. Taxes are incurred and paid by the owners.

Duncan

Management services revenues. Duncan operates as the holding company for Superfly and also provides services to RightSide and RightSide Advisors related to corporate and operational matters. Additionally, Duncan performs analysis and due diligence related to potential acquisitions for internet related companies. Duncan had no management revenues from inception (November 2006) to December 31, 2006.

General and administrative expenses. General and administrative expenses consist primarily of payroll expenses and professional fees. General and administrative expense for the year ended December 31, 2006 was approximately $112,000. Since Duncan was incorporated in November of 2006, there are no expenses for the year ended December 31, 2005.

Income tax expense. Since its inception, Duncan has generated net operating losses and thus no tax expense for the periods.

Superfly

Pay-per-click Revenues. Superfly records revenues on a pay-per-click basis as it conducts search word campaigns (also referred to as search arbitrage) via internet web sites such as Google and Yahoo and redirects the user to a domain page. In the search word campaign, the user or customer is redirected to a domain page owned by Superfly where upon clicking on a merchant link, a fee is earned from the merchant at a higher rate than paid for by Superfly in the search word campaign. Pay-per-click revenues for the year ended December 31, 2006 were approximately $4,756,000, compared to $1,370,000 for the year ended December 31, 2005. The significant increase is due primarily to increased knowledge and efficiency of the search arbitrage business by management. Superfly began operations in November 2004 and in 2005 learned to perform search word campaigns on the various internet search websites. As Superfly increased its proficiency and methods with the search word campaigns, revenues increased.

Pay-per-click expenses. Pay-per-click expenses for the year ended December 31, 2006 were approximately $2,183,000 compared to $602,000 for the same period ended December 31, 2005. The increase is due primarily to increased costs related to the additional search word campaigns as described above.

General and administrative expenses. General and administrative costs for Superfly consist primarily of payroll expense, professional fees, domain expense and rent. For Superfly, general and administrative expense for the year ended December 31, 2006 was approximately $199,000 compared to $249,000 for the same period ended December 31, 2005. The decrease was due primarily to decreased payroll costs.

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Income tax expense. There was no income tax expense for the year ended December 31, 2005 and for the year ended December 31, 2005. Prior to purchase by Duncan, Superfly was organized as an S corporation and no income tax expense is recorded due to taxes being incurred and paid by the owners at that time.

Liquidity and Capital Resources

Since its inception, each of RightSide's and Duncan's operations have been financed through the private placement of its equity and debt securities. Through September 30, 2007, RightSide had received net proceeds of approximately $4.1 million from the sale of shares of preferred stock and common stock and from the issuance of short-term bridge notes. Through September 30, 2007, Duncan had received net proceeds of approximately $4.2 million from the sale of shares of preferred stock and common stock.

As part of the acquisitions of subsidiaries, Rightside and Duncan have both incurred debt related as part of the purchases. Servicing this debt, referred to as seller notes, will continue to negatively affect the cash flow of the Company.

As of September 30, 2007, RightSide had $278,000 in cash and Duncan had $336,000 in cash.

For the nine months ended September 30, 2007, net cash used in operating activities for RightSide was $41,000, compared to $377,000 for the period May 6, 2006 (inception) to September 30, 2006. For the nine months ended September 30, 2007, net cash provided by operating activities for Duncan was $198,000. There is no comparable period for 2006. The decrease in RightSide net cash used in operating activities was due primarily to less expenses related to the purchase of RightSide Advisors companies.

Our future capital uses and requirements depend on numerous forward-looking factors. These factors include but are not limited to the following:

- RightSide's ability to maintain and keep customers as subscribers in the financial newsletter business;
- RightSide's ability to establish and maintain strategic partnerships with firms that rent our customer lists;
- the financial markets' and consumers' attitudes towards investing and trading;
- RightSide's ability to operate its business on the internet in a constantly changing environment;
- Duncan's ability to perform successful search word campaigns in the search arbitrage business through its subsidiary Superfly;
- Changes made by the popular internet search websites (e.g. Google and Yahoo) and how they regard search arbitragers; and
- RightSide's and Duncan's ability to raise capital through equity and debt financings.

Each of RightSide and Duncan believes that its existing cash and future equity and debt financings will be sufficient to meet their projected operating requirements at least through December 2008.

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Until RightSide and Duncan combined can begin generating consistent revenues and cash from its operations, RightSide and Duncan expect to continue to fund operations with existing cash resources and cash generated from operations. In addition, to a lesser extent, RightSide and Duncan may finance future cash needs through the sale of other equity securities of the Company, strategic collaboration agreements and debt financing. However, they may not be successful in obtaining additional financing. In addition, RightSide and Duncan cannot be sure that their existing cash and investment resources will be adequate or that additional financing will be available when needed or that, if available, financing will be obtained on terms favorable to RightSide, Duncan or the Company. Having insufficient funds may require RightSide and Duncan to delay, scale back or eliminate some or all of their operations. Failure to obtain adequate financing also may adversely affect RightSide and Duncan's ability to operate as a going concern. If RightSide and Duncan raise additional funds from the issuance of equity securities by the Company, substantial dilution to existing stockholders of the Company could result. If RightSide and Duncan raise additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict the ability to operate its business.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157, Fair Value Measurements. The statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This standard is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact the adoption of SFAS 157 will have on the consolidated financial statements.

In February 2007, the FASB issued SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities, which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 does not eliminate disclosure requirements of other accounting standards, including fair value measurement disclosures in SFAS 157. This standard is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. We are currently evaluating the impact the adoption of SFAS 159 will have on our consolidated financial statements.

In December 2007, the FASB issued SFAS 141(R), Business Combinations. The statement establishes principles and requirements for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed and any noncontrolling interest in an acquisition, at their fair value as of the acquisition date. This standard is effective for annual reporting periods beginning after December 15, 2008. We are currently reviewing the pronouncement to determine its effects on business acquisitions we may make in the future.

Quantitative and Qualitative Disclosures About Market Risk

The primary objective of RightSide's and Duncan's investment activities is to preserve their capital for the purpose of funding operations, while at the same time maximizing the income RightSide and Duncan receive from their investments without significantly increasing risk. RightSide and Duncan's cash and investments at September 30, 2007 consisted primarily of cash in bank accounts. Neither RightSide nor Duncan has engaged in hedging activities or other derivative transactions.

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SECURITY OWNERSHIP OF CERTAIN STOCKHOLDERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of Company Common Stock as the Closing Date by (i) each person who, to our knowledge, owns more than 5% of the Company Common Stock; (ii) each of the directors and executive officers of the Company; and (iii) all of our officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power. Shares of Company Common Stock and RightSide Convertible Notes convertible within 60 days of the Closing Date are deemed outstanding for computing the share ownership and percentage of the person holding such Convertible Notes and RightSide Convertible Notes, but are not deemed outstanding for computing the percentage of any other person. Except as otherwise indicated, the address of all owners listed below is c/o Morlex, Inc., 420 Lexington Avenue, Suite 450, New York, New York 10022.

Name of Beneficial Owner	Amount of Beneficial Ownership		Percentage of Class	
Michael Crow (1)	2,766,499		13.8011	
Richard Berman	2,602,140		13.2286	
DCI Master LDC	2,097,000		10.6606	
Alex Clug, as Trustee of the Crow 2001 Children's Trust (2)	1,884,628		9.4018	
MW Crow Family LP	1,395,342	(3)	6.9609	(3)
Drake Investments, Ltd.	1,290,638		6.4385	
Nick Hensgen	0		0	
Kevin Crow	0		0	
Richard Keyes	0		0	
Gianluca Cicogna	0		0	
E. Chadwick Mooney	0		0	
All officers and directors as a group (6 persons)	2,602,140		13.2286	

(1) Michael Crow is (i) the general partner of MW Crow Family LP, (ii) a principal of Aberdeen Holdings, Ltd. and (ii) the husband of Trevor Crow. By reason of such relationships, Mr. Crow may be deemed to share dispositive and/or voting control over the securities beneficially owned by each of MW Crow Family LP, Aberdeen Holdings, Ltd and Trevor Crow. As a result, Mr. Crow may be deemed to be a beneficial owner of such securities, which include 1,395,342 shares held by MW Crow Family LP, 850,000 shares held by Aberdeen Holdings, Ltd and 71,157 shares held by Trevor Crow, all of which are included in the 2,766,499 shares reported to be beneficially owned by Michael Crow.

(2) Alex Clug serves as the trustee, and therefore has voting and/or dispositive control over the securities beneficially owned by, each of Crow 2001 Children's Trust FBO Michelle Crow, Crow 2001 Children's Trust FBO Spencer Crow, Crow 2001 Children's Trust FBO Olivia Crow and Crow 2001 Children's Trust FBO Duncan Crow, which each beneficially own 471,157 shares of Company Common Stock. Therefore, by reason of each such trust's relationship to Mr. Clug, Mr. Clug may be deemed to beneficially own a total of 1,884,628 shares of Company Common Stock.

(3) The shares owned by MW Crow Family LP are also included in those shares deemed beneficially owned by Mr. Crow, as set forth in Footnote (1) above.

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DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Directors and Executive Officers

As of the Closing Date, our prior directors and officers resigned. The following table sets forth certain information, as of the date of this report, with respect to our directors and executive officers appointed as of the Closing Date.

Name	Position with the Company	Age	Date Appointed
Richard Berman	Chief Executive Officer, Director	65	February 14, 2008
Nick Hensgen	Vice President	37	February 14, 2008
Kevin Crow	Vice President	46	February 14, 2008
Richard Keyes	Director	55	February 14, 2008
Gianluca Cicogna	Director	44	February 14, 2008
E. Chadwick Mooney	Director	56	February 14, 2008

Business Experience

The following is a summary of the education and business experience during at least the past five years of each of the directors and executive officers of the Company:

Richard Berman is our Chief Executive Officer and a member of the Board. Mr. Berman is also acting as an organizer in connection with the Transactions. Mr. Berman has served as the Vice Chairman and director of Duncan Media Group, Inc. since January 2007. Mr. Berman's business career spans over 35 years of venture capital, management and merger & acquisitions experience. In the last five years, he has served as a director and/or officer of about a dozen public and private companies. Mr. Berman is currently CEO of Nexmed, a small public biotech company; Chairman of National Investment Managers, a public company in pension administration and investment management; and Chairman of Secure Fortress Technology Systems (homeland security). He is a director of eight public companies: Dyadic International, Inc., Broadcaster, Inc., Easylink Services International, Inc., NexMed, Inc., National Investment Managers Advaxis, Inc., NeoStem, Inc. and Secure Fortress Technology Systems. From 1998-2000, he was employed by Internet Commerce Corporation as Chairman and CEO. Previously, Mr. Berman worked at Goldman Sachs; was Senior Vice President of Bankers Trust Company, where he started the Mergers & Acquisitions and Leveraged Buyout Departments; created the largest battery company in the world by merging Prestolite, General Battery and Exide to form Exide (NYSE); helped create what is now Soho (NYC) by helping to create five buildings, and advised on over $4 billion of M&A transactions. He is a past Director of the NYU Stern School of Business where he obtained his Bachelor of Science and Masters in Business Administration. Mr. Berman also has U.S. and foreign law degrees from Boston College and The Hague Academy of International Law, respectively.

Nick Hensgen is a Vice President. Mr. Hensgen has been the President and General Manager of Superfly since December 2006. Prior to leaving to join as President of Superfly and since November 2001, Mr. Hensgen was Vice President of Risk Management at ResCare, where he was responsible for managing all aspects of the company's $37 million risk and insurance budget. In this role, Mr. Hensgen structured risk financing programs, directed analysis of risk exposures and oversaw appropriate risk control and safety programs. From August 1997 to November 2001, he was Manager of Risk Finance and Risk Information Systems at Yum! Brands, where he developed Yum!'s Global Risk and Insurance Program, oversaw Yum!'s Captive Insurance Company and managed a staff of risk analysts and property specialists responsible for analyzing data for key risk exposures and trends. Mr. Hensgen has also been an active minority shareholder in the entity proposed to be acquired in the Proposed Transactions since January 2005 and helped the founder of such entity formulate the opportunity and develop its strategy. Mr. Hensgen has a Bachelor of Science in Operations Management from Indiana University School of Business and a Masters of Business Administration from Indiana University Southeast.

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Kevin Crow is a Vice President and is the brother of Mr. Michael Crow, an organizer of the Company. Kevin Crow has been a Vice President of RightSide since December 1, 2006. From May 2006 through November 2006, Mr. Crow was a Managing Director at Duncan Capital Partners, responsible for new investment opportunities, including Internet related businesses. From June 2004 through April 2006, Mr. Crow was the President of Diversified Corporate Solutions, which provided business solutions for new companies. From October 2000 through May 2004, he was the Chief Operating Officer of Women's United Soccer Association where he served a dual role in managing the daily business affairs of the league office, including an annual budget of $34 million and an in-house staff of 17, and directed responsibilities for eight team operations and over 300 employees. Prior to United Soccer, since February 1994, Mr. Crow was President of ZipDirect in San Diego, California, where he oversaw and managed all business operations during an expansive acquisition growth period. At the time, ZipDirect had revenues of $18 million and 350 employees. Mr. Crow was also a professional soccer player, playing on the U.S. National Team, and was a two-time Olympic Athlete between 1983 and 1992. Mr. Crow has a Bachelor of Science in Finance from San Diego State University.

Richard Keyes is a member of our Board of Directors. Mr. Keyes is the principal of Keyes Capital Group, a merchant banking company formed in 1993. Keyes Capital has been involved in securitizations, debt restructuring and capital raising for various public and private companies. Since May 2007, he has also been the Chief Executive Officer of Merus Solutions, Inc., a San Diego based customer relationship management software company. In 1991 Mr. Keyes opened the West Coast mortgage securities trading office of Daiwa Securities and served as its Managing Director through 1993. Mr. Keyes received his Masters in Business Administration from the University of Southern California and his Bachelor of Business Administration from the University of Iowa.

Gianluca Cicogna is a member of our Board of Directors. Since 2006, Mr. Cicogna has served as a Managing Director at Milbank Roy and is partly responsible for the development of its asset management practice. Since 1994, Mr. Cicogna has also served as an advisor for Zannett Group, which engages in fund management, where he advised on the successful Zanett Lombardier hedge fund that invested in early stage public companies. During 1986 through 1994, he co-founded Casco Track Limited, a boutique investment bank based in Hong Kong that represented clients in over $600 million of cross border Mergers & Acquisitions transactions. While at Casco Track, Mr. Cicogna and his partners invested in telecoms transactions across Asia, including launching Cavite Cable Corporation, the first optic cable TV business in the Philippines. Mr. Cicogna was a founding partner in Southern Farms, South Africa's premier table grape production and export company. Mr. Cicogna graduated from Buckingham University in Economics (with Honors).

E. Chadwick Mooney is a member of our Board of Directors. Since March 2006, Mr. Mooney has been the Chairman of Mooney Capital Advisors, which is engaged in money management. From September 2004 to March 2006, Mr. Mooney served as a director-investments of Wachovia Securities. Prior to that, since September 1990, Mr. Mooney acted as a director-investments of Smith Barney. Overall, Mr. Mooney has 30 years experience working for Wall Street companies of which 16 years were at Citigroup. Mr. Mooney's business at Smith Barney, at its peak, grew to be the 8th largest practice, managing over $2 billion in assets. Mr. Mooney chaired the Smith Barney Director Advisory Group for 3 years. He worked very closely with Jamie Dimon, current Chairman and Chief Executive Officer of JP Morgan. Mr. Mooney was involved in the sale of U.S. Filter to Vivendi for $8.1 billion in cash. Since July of 2006, Mr. Mooney has served as the Chairman and Chief Executive Officer of Clear Choice Financial in Scottsdale, AZ and since October 2007, he has served as a Director for Next Image Medical in San Diego, CA. Mr. Mooney holds a Series 7 and 63 license.

Directors serve until the next annual meeting of the stockholders; until their successors are elected or appointed and qualified, or until their prior resignation or removal. Officers serve for such terms as determined by our Board of Directors. Each officer holds office until such officer's successor is elected or appointed and qualified or until such officer's earlier resignation or removal. No family relationships exist between any of our present directors and officers.

Organizer

Michael Crow has acted as an organizer in connection with the Transactions. Mr. Crow has been the President of DC Associates LLC, an investment advisor to its fund Duncan Capital Partners, as well as a financial and business advisory firm, since 2004. Prior to founding Duncan Capital Partners LLC, Mr. Crow was a co-manager of Bridges & PIPES LP and co-founder of DC Opportunity Fund. Mr. Crow was a principal investor in several private companies and served as President of Aberdeen Holdings Ltd, a private venture fund. Mr. Crow

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also served as a Senior Vice President of Security Pacific Corporation and Deputy to the Vice Chairman of Security Pacific Corporation. His senior-management responsibilities included operations in consumer finance, leasing, securities brokerage and asset management, asset-based lending, insurance, venture capital and merchant banking. Mr. Crow was the Senior Vice President and Chief Financial Officer of Security Pacific International, the holding company for the bank's international corporate subsidiaries. Mr. Crow started his career at Price Waterhouse as a senior management consultant and Certified Public Accountant with the International Department in San Francisco and in Amsterdam, The Netherlands. Mr. Crow holds a Bachelor of Science in Accounting from San Diego State University, and is a graduate of Harvard Business School's three-year Owner President Manager program. He is a past member of the Young Presidents Organization and serves on several private and non-profit Boards, including New York University's Hospital for Joint Disease. In 1998, Mr. Crow voluntarily signed a consent decree with the Securities and Exchange Commission and agreed not to be an officer or director of a public company or practice as an accountant before the Securities and Exchange Commission. On May 15, 2007, the Securities and Exchange Commission filed a civil action against Mr. Crow and others alleging that in 2004 Mr. Crow purportedly exercised control over an openly affiliated broker-dealer which failed to make regulatory filings disclosing his involvement. The Securities and Exchange Commission seeks injunctive relief, disgorgement and monetary penalties. Mr. Crow has informed the Company that he disputes the allegations and that he will vigorously defend his position.

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Code of Ethics

Following the Merger Transactions, our new Board of Directors will adopt a written code of ethics. We believe that the code of ethics will be reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

Board Committees

We presently have no board committees. We intend to appoint such persons and form such committees as are required to meet the corporate governance requirements imposed by the national securities exchanges at such time, if ever, we become subject to such requirements. Therefore, we intend that a majority of our directors will eventually be independent directors and at least one director will qualify as an "audit committee financial expert." Additionally, we expect to appoint an audit committee, nominating committee and compensation committee, and to adopt charters relative to each such committee. Until further determination, the full board will undertake the duties of the audit committee, compensation committee and nominating committee. Richard Keyes will serve as an audit committee chairman, once an audit committee is put in place.

Board Independence

We believe that Messrs. Keyes, Cicogna and Mooney are independent directors as that term is defined under Rule 4200(a) (15) of the Nasdaq Marketplace Rules, even though such definition does not currently apply to us, because we are not listed on Nasdaq.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The table below sets forth compensation received by our three executive officers during the calendar years ended December 31, 2007 and 2006 pursuant to employment agreements that each had with either Duncan or Superfly. Prior to the Closing Date, none of these individuals received any compensation from either us, RHI Merger Sub or DMG Merger Sub. The agreements these individuals had with Duncan or Superfly were terminated on the Closing Date and are expected to be replaced by employment agreements with us.

Name And Principal Position	Year	Salary ($)	Bonus ($)	All Other Compensation ($)	Total ($)
Richard Berman, Chief Executive Officer and Director	2007	0	0	0	0
	2006	0	0	0	0
Nick Hensgen, Vice President	2007	$110,000	$42,513	0	$152,513
	2006	$9,000	$36,666	0	0
Kevin Crow, Vice President	2007	$114,000	$7,500	$20,133 (1)	$141,633
	2006	$9,500	0	0	$9,500

(1) Other compensation for Kevin Crow, 2007, consists of moving expenses of $20,133.

Information concerning compensation of our officers and directors prior to the Closing Date for the year ended December 31, 2006 is incorporated by reference to the Company's Annual Report on Form 10-KSB, previously filed with the SEC on February 1, 2008.

Outstanding Equity Awards (Options) At Fiscal Year-End

Name	Stock Options Awards: Number of Shares of Stock Granted	Stock Options Awards: Number of Shares of Stock Vested as of December 31, 2007	Option Price Per Share
Kevin Crow	75,000 shares of Duncan	25,000	$0.01
	135,800 shares of RightSide	45,267	$0.01
Larry Fiore	180,000 shares of Duncan	60,000	$0.01
	325,920 shares of RightSide	108,640	$0.01
Richard Suttmeier	50,000 shares of RightSide	15,625	$0.01

Agreements With Officers and Directors

An employment agreement, which became effective upon the consummation of the Merger Transactions, between AAA and Richard J. Berman (the "Berman Employment Agreement") will be assigned to and assumed by the Company promptly following the Closing Date. Under the Berman Employment Agreement, Mr. Berman agrees to serve as the Executive Chairman of the Company in San Diego, California for an initial term of two years. The Company agrees to pay Mr. Berman an annual base salary of $180,000, which may be increased annually by our Board of Directors. Mr. Berman will also receive an annual performance bonus in an amount determined by our Board of Directors. Mr. Berman is entitled to receive standard benefits of our senior management employees. We are obligated to grant a stock option for the right to purchase 250,000 shares of Company Common Stock to Mr. Berman within 90 days of the closing of the transactions contemplated by the AAA Stock

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Purchase Agreement. Mr. Berman is entitled to a seat on our Board of Directors during his term of employment with us. Mr. Berman agrees to enter into a Proprietary Interests and Inventions Agreement, an Arbitration Agreement and a Non-Competition/Non-Solicitation Agreement. In the event that Mr. Berman's employment with the Company is terminated without cause or for good reason upon a change of control, then Mr. Berman's non-competition obligations will be limited and he will be entitled to, among other things, a lump sum payment in an amount equal to the aggregate of twelve months of his then current base salary and two times (1) the greater of his performance bonus for the year of termination or (2) the largest bonus paid to him over the past three years and his options shall become fully vested and exercisable. If Mr. Berman's employment is terminated voluntarily or for cause, then Mr. Berman shall not be entitled to the lump sum described above; however, his options will still become fully vested and exercisable. A copy of the Berman Employment Agreement is filed as Exhibit 10.1 to this Current Report.

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Compensation of Directors

On and after the Closing Date, our directors will receive cash compensation in the amount of $1,000 per Board meeting, and they are reimbursed for travel expenses incurred in connection with their attendance. In addition, directors will be entitled to receive annual grants of stock options. Upon the formation of an audit committee, our audit committee chairman will be compensated an additional $3,000 per month.

Prior to the Closing Date, none of our three non-employee directors received any compensation from any of us, RHI Merger Sub or DMG Merger Sub.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RightSide was a party to two advisory agreements (collectively, the “RightSide Advisory Agreement”) with affiliated entities: (i) an Advisory Agreement, dated June 7, 2006, between RightSide and Duncan Capital Group LLC, whereby Duncan Capital Group agreed to serve as a financial consultant to RightSide on a non-exclusive basis in connection with arranging any equity or debt financings, mergers or acquisitions, or with respect to any other financial matter of RightSide in exchange for payment of fees as set forth therein, and (ii) an Advisory Agreement, dated June 9, 2006, between RightSide and DC Associates LLC, whereby Duncan Capital Group agreed to serve as a financial consultant to RightSide on a non-exclusive basis in connection with arranging any equity or debt financings, mergers or acquisitions, or with respect to any other financial matter of RightSide in exchange for payment of fees as set forth therein. Such RightSide Advisory Agreements were terminated by RightSide on the Closing Date.

In 2007, RightSide leased office space from DC Associates, LLC in exchange for rental payments of $2,500 per month.

DC Associates, LLC and Duncan Capital Group are owned by MW Crow Family LP, a former shareholder of RightSide and Duncan and a shareholder of the Company.

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DESCRIPTION OF SECURITIES

Capital Stock

Our Articles of Incorporation authorize the issuance of 1 billion (1,000,000,000) shares of common stock, $.001 par value per share. We do not have any authorized preferred stock. As of the Closing Date, there were 20,045,985 shares of Company Common Stock issued and outstanding. As of the Closing Date, there were slightly more than 300 holders of record of Company Common Stock.

Description of Common Stock

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a stockholder vote. Holders of our common stock do not have cumulative voting rights. Therefore, holders of a majority of our shares of common stock voting for the election of directors can elect all of the directors. Holders of our common stock representing a majority of the voting power of the capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of our outstanding shares of common stock is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to the Articles of Incorporation.

Holders of common stock are entitled to share in all distributions that our Board or Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over our common stock. Holders of our common stock have no pre-emptive rights, conversion rights, and there are no redemption provisions applicable to our common stock.

Description of Convertible Notes

As of the Closing Date, RightSide had $834,508.50 of Promissory Notes issued and outstanding and held by the former shareholders of RightSide (the “RightSide Notes”). Of the RightSide Notes, $417,254 are Convertible Promissory Notes (the “Convertible RightSide Notes”). Following consummation of the Merger Transactions, some of the Convertible RightSide Notes may become convertible into Company Common Stock. As of the Closing Date, such Convertible RightSide Notes would have been convertible into up to 579,157 shares of Company Common Stock, representing approximately 2.8% of the Company Common Stock on an as-converted basis. Certain of the RightSide Notes are past due.

Registration Rights

On the Closing Date, we entered into the Registration Rights Agreement with certain of the original holders of Company Common Stock and certain of the persons who received Company Common Stock in the Merger Transactions and Acquisition Transaction. We intend that the investors in the Private Placement will become parties to the Registration Rights Agreement. Under the terms of the Registration Rights Agreement, we granted piggyback registration rights to such investors for a period of one year following the Closing Date, such that, in the event that we file a registration statement covering Company Common Stock we would be obligated to include their shares of Company Common Stock (or shares of Company Common Stock issuable upon the conversion of the Convertible Notes) in the registration statement, subject to cutback provisions contained in the Registration Rights Agreement. We have also granted the investors in the Private Placement one demand registration right. If we have not registered the shares for resale within one year after the Closing Date, the other stockholders, including the original holders of Company Common Stock immediately prior to the Closing Date and those persons who received Company Common Stock in the Merger Transactions and Acquisition Transaction, will also have one demand registration right. A copy of the Registration Rights Agreement is filed as Exhibit 4.1 to this Current Report.

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Transfer Agent

Our transfer agent is Corporate Stock Transfer, Inc., located at 3200 Cherry Creek Drive South, Suite 430, Denver, Colorado 80209.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market for Company Common Stock

Our common stock is quoted on the Over-the-Counter Bulletin Board under the symbol "MORX." On February 13, 2008, our closing bid price was $0.27 per share. As of February 13, 2008, the last reported trade of Morlex Common Stock occurred on December 26, 2007 at a price of $0.27 per share.

Distributions

Prior to the declaration and payment of the Cash Distribution in connection with the Merger Transactions, we had never declared or paid any cash distributions with respect to Company Common Stock. Future payment of distributions is within the discretion of our Board of Directors and will depend on our earnings, capital requirements, financial condition and other relevant factors. Although there are no material restrictions limiting, or that are likely to limit, our ability to pay distributions on Company Common Stock, we presently intend to retain future earnings, if any, for use in our business and have no present intention to pay cash distributions on Company Common Stock.

LEGAL PROCEEDINGS

From time to time we may be named in claims arising in the ordinary course of business. Currently, no legal proceedings or claims are pending against or involve us that, in the opinion of management, could reasonably be expected to have a material adverse effect on our business or financial condition.

RECENT SALES OF UNREGISTERED SECURITIES

On the Closing Date, the Company issued an aggregate of 18,390,825 shares of Company Common Stock in connection with the Merger Transactions and the Acquisition Transaction. The issuance of shares of Company Common Stock to the prior owners of Duncan, RightSide and AAA in connection with the Merger Transactions and Acquisition Transaction was not registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act and Regulation D promulgated by the SEC under that section, which exempts transactions by an issuer not involving any public offering. As a result, such shares of Company Common Stock may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Colorado Law

Title 7 of the Colorado Revised Statutes, as amended from time to time, provides that a corporation may indemnify directors and officers, as well as other employees and individuals, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with various actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the applicable statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The applicable statute provides that it is not

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exclusive of other indemnification that may be granted by a corporation's articles of incorporation, by-laws, agreement, a vote of stockholders or disinterested directors or otherwise.

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The Colorado Revised Statutes permit a corporation to provide in its articles of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- payments of unlawful dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Bylaws

We intend to amend our Bylaws to provide for indemnification of our officers, directors, employees and other agents to the fullest extent permitted by Colorado law. We also intend to take out a directors and officers liability insurance policy.

Articles of Incorporation

Our Articles of Incorporation provide a limitation of liability in that our directors and officers shall be indemnified against personal liability to us or any of our shareholders for damages for breach of fiduciary duty as director or officer, involving any act or omission of any such director or officer, to the fullest extent allowed under Colorado law and the Company's bylaws.

Indemnification Under The Securities Act

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons under Colorado law or otherwise, we have been advised the opinion of the SEC is that such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event a claim for indemnification against such liabilities (other than payment by us for expenses incurred or paid by our director, officer or controlling person in successful defense of any action, suit, or proceeding) is asserted by our director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction, the question of whether such indemnification by us is against public policy in the Securities Act and will be governed by the final adjudication of such issue.

INDEX TO EXHIBITS

See Item 9.01(d) below, which is incorporated by reference.

DESCRIPTION OF EXHIBITS

See Exhibit Index below and the corresponding exhibits, which are incorporated by reference herein.

Item 3.02 Unregistered Sales of Equity Securities

The disclosure set forth in Item 2.01 to this Current Report is incorporated into this item by reference.

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Item 4.01 Changes in Registrant's Certifying Accountant

The disclosure set forth in Item 2.01 to this Current Report is incorporated into this item by reference.

Item 5.01 Changes in Control of the Registrant

As a result of the Merger Transactions and Acquisition Transaction, the Company experienced a change in control, with the former owners of RightSide, Duncan and AAA acquiring control of the Company. The disclosure set forth in Item 2.01 to this Report is incorporated into this item by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The disclosure set forth in Item 2.01 to this Report is incorporated into this item by reference.

Item 5.06 Change in Shell Company Status

The disclosure set forth in Item 2.01 to this Report is incorporated into this item by reference. As a result of the completion of the Merger Transactions, we believe that we are no longer a shell company, as defined in Rule 405 of the Securities Act and Rule 12b-2 of the Exchange Act.

Item 9.01 Financial Statements and Exhibits

Reference is made to the disclosure set forth under Item 9.01 of this Report, which disclosure is incorporated into this item by reference.

(a) Financial Statements of Business Acquired

In accordance with Item 9.01(a), financial statements are included with this Report beginning on Page F-1, as follows:

- Unaudited consolidated financial statements of RightSide Holdings, Inc. for the nine months ended September 30, 2007 and 2006.
- Audited consolidated financial statements of RightSide Holdings, Inc. for the year ended December 31, 2006.
- Audited financial statements of 21st Century Publishing Corporation for the years ended December 31, 2006 and 2005.
- Unaudited consolidated financial statements of Duncan Media Group, Inc. for the nine months ended September 30, 2007.
- Audited consolidated financial statements of Duncan Media Group, Inc. for the period from November 21, 2006 (inception) to December 31, 2006.
- Unaudited consolidated financial statements of Superfly Advertising, Inc. for the nine months ended September 30, 2007 and 2006.
- Audited consolidated financial statements of Superfly Advertising, Inc. for the year ended December 31, 2006 and the period from December 31, 2005 (inception) to December 31, 2006.

(b) Pro forma financial information

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In accordance with Item 9.01(b), unaudited pro forma consolidated financial statements are included with the Report beginning on Page F-111, as follows:

- Unaudited condensed combined Pro Forma Financial Statements of Morlex, Inc., RightSide Holdings, Inc. and Duncan Media Group, Inc. for the nine months ended September 30, 2007.

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(c) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated February 7, 2008, by and among the Registrant, RightSide Holdings, Inc. and RHI Merger Sub, Inc.*
2.2	Agreement and Plan of Merger, dated February 7, 2008, by and among the Registrant, Duncan Media Group, Inc. and DMG Merger Sub, Inc.**
2.3	Stock Purchase Agreement, dated February 14, 2008, by and among the Registrant, All Ad Acquisition, Inc. and certain other parties thereto.
2.4(b)	Stock Purchase Agreement, dated November 14, 2007, by and among All Ad Acquisition, Inc., Iakona, Inc. and Jason Kulpa.
2.4(b)	Amendment to Stock Purchase Agreement, dated January 11, 2008, by and among All Ad Acquisition Inc., Iakona, Inc. and Jason Kulpa.
4.1	Registration Rights Agreement, dated February 14, 2008, by and among the Registrant and certain other parties thereto.
10.1	Employment Agreement, dated February 7, 2008, by and between All Ad Acquisition Inc. and Richard J. Berman.
17.1	Letter of Resignation as a director and officer of the Registrant, dated February 14, 2008, submitted by Michael Miller.
17.2	Letter of Resignation as a director of the Registrant, dated February 14, 2008, submitted by Jeanne Baer.
17.3	Letter of Resignation as a director of the Registrant, dated February 14, 2008, submitted by Michelle Kaplan.
23.1	Consent of Peterson Sullivan PLLC, dated February 14, 2008.
*	Incorporated by reference to Ex. 2.1 to the Report on Form 8-K, previously filed with the SEC on February 11, 2008.
**	Incorporated by reference to Ex. 2.2 to the Report on Form 8-K, previously filed with the SEC on February 11, 2008.

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MORLEX, INC.

FINANCIAL STATEMENTS

C O N T E N T S

Unaudited consolidated financial statements of RightSide Holdings, Inc. for the nine months ended September 30, 2007 and 2006.	F-1
Audited consolidated financial statements of RightSide Holdings, Inc. as of December 31, 2006, and for the period from May 5, 2006 to December 31, 2006.	F-19
Audited financial statements of 21st Century Publishing Corporation for the years ended December 31, 2006 and 2005.	F-39
Unaudited consolidated financial statements of Duncan Media Group, Inc. for the nine months ended September 30, 2007.	F-50
Audited consolidated financial statements of Duncan Media Group, Inc. as of December 31, 2006, and for the period from November 21, 2006 to December 31, 2006.	F-61
Unaudited consolidated financial statements of Superfly Advertising, Inc. for the nine months ended September 30, 2007 and 2006.	F-72
Audited consolidated financial statements of Superfly Advertising, Inc. as of and for the years ended December 31, 2006 and December 31, 2005.	F-89
Pro Forma Financial Statements	F-111

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MORLEX, INC.

Dated: February 14, 2008

By: /s/ Richard Berman

Name: Richard Berman

Title: Chief Executive Officer

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EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated February 7, 2008, by and among the Registrant, RightSide Holdings, Inc. and RHI Merger Sub, Inc.*
2.2	Agreement and Plan of Merger, dated February 7, 2008, by and among the Registrant, Duncan Media Group, Inc. and DMG Merger Sub, Inc.**
2.3	Stock Purchase Agreement, dated February 14, 2008, by and among the Registrant, All Ad Acquisition, Inc. and certain other parties thereto.
2.4(b)	Stock Purchase Agreement, dated November 14, 2007, by and among All Ad Acquisition, Inc., Iakona, Inc. and Jason Kulpa.
2.4(b)	Amendment to Stock Purchase Agreement, dated January 11, 2008, by and among All Ad Acquisition Inc., Iakona, Inc. and Jason Kulpa.
4.1	Registration Rights Agreement, dated February 14, 2008, by and among the Registrant and certain other parties thereto.
10.1	Employment Agreement, dated February 7, 2008, by and between All Ad Acquisition Inc. and Richard J. Berman.
17.1	Letter of Resignation as a director and officer of the Registrant, dated February 14, 2008, submitted by Michael Miller.
17.2	Letter of Resignation as a director of the Registrant, dated February 14, 2008, submitted by Jeanne Baer.
17.3	Letter of Resignation as a director of the Registrant, dated February 14, 2008, submitted by Michelle Kaplan.
23.1	Consent of Peterson Sullivan PLLC, dated February 14, 2008.
*	Incorporated by reference to Ex. 2.1 to the Report on Form 8-K, previously filed with the SEC on February 11, 2008.
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RIGHTSIDE HOLDINGS, INC.

FINANCIAL REPORT
(A Review)

SEPTEMBER 30, 2007 AND 2006

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CONTENTS

	Page
ACCOUNTANTS' REVIEW REPORT	**F-3**
FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	F-4
CONSOLIDATED STATEMENTS OF OPERATIONS	F-5
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY	F-6
CONSOLIDATED STATEMENT OF CASH FLOWS	F-7 and F-8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-9 - F-18

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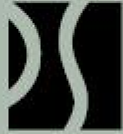

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
RightSide Holdings, Inc.
Roseville, California

We have reviewed the accompanying consolidated balance sheets of RightSide Holdings, Inc. and Subsidiaries as of September 30, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for the nine-month period ended September 30, 2007, and the period from May 6, 2006 (date of inception), to September 30, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of RightSide Holdings, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN PLLC
January 28, 2008

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS
(See Accountants' Review Report)
September 30, 2007 and 2006

ASSETS	2007	2006
Current Assets		
Cash	$277,755	$202,744
Card service reserves	37,168	37,094
Accounts receivable	54,701	15,100
Prepaid expenses	17,750	25,000
Prepaid interest	212,500	-
Income taxes receivable	82,387	-
Other current assets	61,109	-
Total current assets	743,370	279,938
Property and Equipment, net of accumulated		
depreciation of $132,507 in 2007 and $26,319 in 2006	398,158	502,175
Other Assets		
Goodwill	4,290,426	3,505,386
Amortizable intangible assets, net of accumulated amortization of		
$207,935 in 2007 and $28,856 in 2006	869,432	317,411
Non-amortizable intangible assets	154,191	-
Deposits	62,894	4,894
	5,376,943	3,827,691
	$6,518,471	$4,609,804
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$290,774	$285,771
Interest payable	28,583	30,214
Dividend payable	200,833	-
Deferred revenue	798,435	359,979
Short-term notes payable - related parties	1,362,841	231,867
Current portion of long-term debt	635,887	402,090
Total current liabilities	3,317,353	1,309,921
Long-Term Debt, net of current portion	544,333	947,910
Total liabilities	3,861,686	2,257,831
Stockholders' Equity		
Preferred stock (liquidation preference of $286,000,000)	5,720	5,400
Common stock	20,012	14,133
Additional paid-in capital	3,634,268	2,680,467
Retained earnings (deficit)	(1,003,215)	(348,027)
Total stockholders' equity	2,656,785	2,351,973
	$6,518,471	$4,609,804

See Notes to Consolidated Financial Statements

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(See Accountants' Review Report)
For the Nine-Month Period Ended September 30, 2007
And the Period from May 6, 2006 (Inception), to September 30, 2006

	2007	2006
Revenues		
Subscription, net	$1,437,200	$563,042
Advertising	29,108	24,923
List rental	571,038	72,500
Research	15,585	6,747
Total revenues	2,052,931	667,212
Operating expenses		
Management fees	350,000	290,000
Consulting fees	469,096	135,217
Payroll	334,897	119,778
Marketing / advertising	296,993	120,875
Professional fees	89,541	102,820
Amortization	150,224	28,856
Depreciation	79,870	26,319
Contributors	97,528	24,556
Merchant fees	54,551	18,999
Rent	32,150	19,141
Postage	21,343	2,880
Travel and entertainment	20,325	14,589
Technology	75,162	14,988
Payroll tax	27,050	11,242
Insurance	20,083	10,022
Telephone	10,050	5,423
Other	31,181	9,320
Total operating expenses	2,160,044	955,025
Loss from operations	(107,113)	(287,813)
Interest expense	139,396	30,214
Loss before non-controlling interest in income of consolidated subsidiary	(246,509)	(318,027)
Non-controlling interest in income of consolidated subsidiary	(203,369)	(30,000)
Net loss	**$(449,878)**	**$(348,027)**

See Notes to Consolidated Financial Statements

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(See Accountants' Review Report)
For the Nine-Month Period Ended September 30, 2007
And the Period from May 6, 2006 (Inception), to September 30, 2006

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balances, May 6, 2006	$ -	$ -	$ -	$ -	$ -
Issuances of stock as part of incorporation	5,400	14,133	2,680,467		2,700,000
Net loss for the period from May 6, 2006, to September 30, 2006				(348,027)	(348,027)
Balances, September 30, 2006	$ 5,400	$ 14,133	$ 2,680,467	$ (348,027)	$ 2,351,973
Balances, January 1, 2007	$ 5,720	$ 18,107	$ 2,836,173	$ (553,337)	$ 2,306,663
Issuance of shares for prepayment of interest		714	299,286		300,000
Issuance of shares for acquisition of assets		1,191	498,809		500,000
Net loss for the nine-month period ended September 30, 2007				(449,878)	(449,878)
Balances, September 30, 2007	$ 5,720	$ 20,012	$ 3,634,268	$ (1,003,215)	$ 2,656,785

See Notes to Consolidated Financial Statements

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(See Accountants' Review Report)
For the Nine-Month Period Ended September 30, 2007
And the Period from May 6, 2006 (Inception), to September 30, 2006

	2007	2006
Cash Flows From Operating Activities		
Net loss	$(449,878)	$(348,027)
Adjustments to reconcile net loss to net cash flows from operating activities		
Amortization of intangible assets	150,224	28,856
Depreciation of property and equipment	79,870	26,319
Amortization of prepaid interest	87,500	-
Non-controlling interest in income of consolidated subsidiary	203,369	30,000
Changes in operating assets and liabilities, net of effects of acquisitions		
Card service reserves	95,991	(37,094)
Accounts receivable	(18,775)	7,456
Income tax refund receivable	(82,387)	-
Prepaid expense	(7,750)	(25,000)
Deposits	(58,600)	-
Other assets	(61,109)	-
Accounts payable and accrued expenses	101,796	23,132
Interest payable	(26,449)	30,214
Deferred revenue	(54,919)	(112,980)
Net cash flows from operating activities	(41,117)	(377,124)
Cash Flows From Investing Activity		
Acquisition of subsidiaries, net of cash acquired of $374,507	-	(2,115,132)
Acquisition of business assets of 21st Century	(700,000)	-
Purchase of equipment	(12,172)	-
Net cash flows form investing activities	(712,172)	(2,115,132)
Cash Flows From Financing Activities		
Proceeds from stock issuances	-	2,700,000
Proceeds from short-term notes payable - related parties	1,245,000	50,000
Payment on short-term notes payable - related parties	(89,026)	(25,000)
Payment on long-term debt	(234,780)	
Distribution of non-controlling interest in income of consolidated subsidiary	(203,369)	(30,000)
Net cash flows from financing activities	717,825	2,695,000
Increase (decrease) in cash	**(35,464)**	**202,744**
Cash at beginning of period	313,219	-
Cash at end of period	**$277,755**	**$202,744**
Cash paid for interest	$53,527	$-
Cash paid for income taxes	$82,387	$-

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(See Accountants' Review Report)
For the Nine-Month Period Ended September 30, 2007
And the Period from May 6, 2006 (Inception), to September 30, 2006
(Continued)

	2007	2006
Noncash investing and financing activities:		
Acquisition of subsidiaries financed with debt	$-	$1,556,867
Debt issued for purchase of intangible assets	$65,000	$-
Common stock issued for acquisition of assets	$500,000	$-
Common stock issued for prepayment of interest	$300,000	$-

See Notes to Consolidated Financial Statements

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Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

RightSide Holdings, Inc. ("RSH") was organized on May 6, 2006, to acquire three companies that provide financial newsletters to subscribers over the internet. RSH acquired these three companies in June 2006 (see Note 3 for more information). In addition, the three companies charge for advertising on their websites and receive fees for renting customer lists.

In June 2007, RSH acquired substantially all business assets owned by an unrelated party, 21st Century Investors Publishing Corporation ("21st Century") in a transaction more fully described in Note 4. 21st Century provided the similar services as the Company's subsidiaries, which are described above. The assets of 21st Century were merged into those of RSH.

Some of the shareholders of RSH are related to other entities in the newsletter and list rental business conducted via the internet. While there have not been significant transactions between RSH (and its subsidiaries) and these other entities, results of operations could be affected by these relationships.

Principles of Consolidation

The consolidated financial statements include the accounts of RSH and the three wholly-owned subsidiaries it acquired: RightSide Advisors, Inc. ("RSA"), Hot Stix, Inc. ("HS"), and Black Box Investing, Inc. ("BB"). RSA also owns a 50% interest in an entity called Option Investor, LLC ("OI"). Due to the level of control that RSH has (through RSA), OI is consolidated into these financial statements. OI's income (and equity) is distributed to the owners each quarter, so there is no non-controlling interest presented on the balance sheets. (See Note 2 for additional information.) HS owns a 99% interest in an entity called Synergy Trader LLC ("Synergy"). The other one-percent ownership is considered insignificant. Collectively, these various entities are referred to as "the Company". All material intercompany accounts and transactions have been eliminated in consolidation.

Cash

The Company maintains its cash balances in financial institutions. At various times, the Company's cash balances exceeded the Federal Deposit Insurance Corporation coverage of $100,000.

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Card Service Reserves

These reserves represent cash deposits on account with various credit card servicers. These credit card servicers process a significant percentage of the Company's sales transactions.

Accounts Receivable

Accounts receivable include outstanding deposits due from credit card transactions (and are due from credit card servicers) and amounts due directly from customers. Accounts receivable are stated at their net realizable value and are due within thirty days of billing. Based on historical collections, management believes the accounts are fully collectible. Accordingly, no allowance has been established at September 30, 2007 and 2006. Accounts receivable are generally unsecured and do not bear interest.

Prepaid Interest

As discussed in Note 6, the Company borrowed $1,000,000 as a short-term loan from a shareholder (and Chairman of the Board of Directors). Under the terms of this note, the Company agreed to pay $300,000 of interest in advance upon receipt of the loan proceeds. The Company issued common stock to pay for the interest, and the expense is being amortized over one year (the original loan term).

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Property and equipment is reviewed at least annually for possible impairment (none was necessary in the periods ended September 30, 2007 and 2006). The Company provides for depreciation as follows:

Assets	Estimated Useful Lives	Method
Computer software	3years	Straight-line
Office and computer equipment	5years	Straight-line
Furniture and fixtures	7years	Straight-line

Goodwill

In May 2006, as part of the purchase of the four companies described earlier, the Company acquired $3,505,386 of goodwill. Also, in June 2007, the Company acquired $785,040 of goodwill as a result of the purchase of the business assets owned by 21st Century as described earlier. Management reviews goodwill at least annually (but more often if circumstances indicate an impairment) for indicators of impairment. No impairment was considered necessary during the period ended September 30, 2007 or 2006.

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Intangibles

Intangibles are stated at cost less accumulated amortization. At September 30, 2007, amortizable intangible assets consisted of the following:

Assets	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Lives	Method
Customer lists	$ 599,976	$ 158,870	$ 441,106	3 - 4 years	Straight-line
Domains	276,244	37,331	238,913	3 - 4 years	Straight-line
Non-Compete Agreement	201,147	11,734	189,413	3 - 5 years	Straight-line
	$ 1,077,367	$ 207,935	$ 869,432		

At September 30, 2007, the Company also has an intangible asset (trade names) that has an indefinite life and is therefore not subject to amortization.

At September 30, 2006, amortizable intangible assets consisted of the following:

Assets	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Lives	Method
Customer Lists	$ 296,267	$ 24,689	$ 271,578	3 years	Straight-line
Domains	50,000	4,137	45,833	3 years	Straight-line
	$ 346,267	$ 28,856	$ 317,411		

Intangibles are tested for impairment (none was necessary in the periods ended September 30, 2007 and 2006) at least annually (but more often if circumstances indicate an impairment). Amortization expense for the nine-month period ended September 30, 2007, and the period ended September 30, 2006, was $150,224 and 28,856, respectively. Amortization expense is expected to amount to the following totals for the years ending September 30:

2008	$294,390
2009	265,534
2010	160,218
2011	120,793
2012	28,497
	$869,432

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Deferred Revenue/Revenue Recognition

Deferred revenue represents funds the Company has received in advance of providing advertising services on its website or for subscriptions where the term of the subscription extends past the end of the period. Advertising revenue is recognized when the advertisement is posted. Subscription revenue is recognized over the term of the subscription agreements on the straight-line basis.

Advertising Costs

The Company incurs advertising costs to obtain customer names and generate mailings. These advertising costs are expensed as incurred. Payments to two and three vendors represented 39% and 49% of the advertising costs for the nine-month period ended September 30, 2007, and the period ended September 30, 2006, respectively.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

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Note 2. Option Investors, LLC

As described in Note 1, the Company owns a 50% interest in OI. Profits are distributed to the LLC members of OI based on an operating agreement dated August 22, 2004. The income due to the other 50% owner under the operating agreement is distributed quarterly based on certain percentages of net subscription revenue from existing customers as of August 2004, and certain percentages of net subscription revenue from new customers after this date, minus certain costs described in OI's operating agreement. Distributions to the other owner are not required at the earlier of total distributions reaching $1,590,000 or September 1, 2009. During the nine-month period ended September 30, 2007, a total of $203,369 of distributions were made to the other owner. During the period from May 6, 2006, to September 30, 2006, the total distribution made to the other owner was $30,000.

Note 3. Acquisition of Subsidiaries

In June 2006, RSH acquired the three companies (and their subsidiaries) described earlier. The acquisition was financed by capital raised from the sale of stock and notes issued to the sellers. The acquisition is part of the Company's plan to expand into the financial newsletter and list rental business, all conducted via the internet. The activities of the acquired companies have been included in these financial statements since the acquisition date. The following is a summary of the fair values of assets acquired and liabilities assumed.

Assets acquired	
Cash	$374,507
Other current assets	22,557
Property and equipment	128,493
Software	400,000
Customer lists	296,267
Domains	50,000
Other noncurrent assets	4,894
	1,276,718
Liabilities assumed	
Deferred revenue	(472,959)
Other current liabilities	(262,639)
Fair value of net assets acquired	$541,120

The purchase price amounted to $4,046,506 (in addition to the liabilities assumed above) and was paid with $2,489,639 in cash and $1,556,867 in debt issued. The difference between the purchase price and the fair value of the net assets acquired was $3,505,386 and has been recognized as goodwill.

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Note 4. Purchase of Business Assets from 21st Century

In June 2007, RSH purchased substantially all of the assets of 21st Century, a company with operations similar to RSH. The acquisition is part of the Company's plan to expand into the financial newsletter and list rental business, all conducted via the internet. The activities of 21st Century have been included in these financial statements since the acquisition date. The following is a summary of the fair values of the assets acquired and the liabilities assumed.

Assets acquired	
Customer lists	$228,709
Domains	226,244
Non-Compete Agreements	201,147
Trade Names	154,191
	810,291
Liabilities assumed	
Deferred subscription revenue	(395,331)
Fair value of net assets acquired	$414,960

The purchase price amounted to $1,200,000 (in addition to the liabilities assumed above) and was paid with $700,000 of cash and $500,000 in common stock issued by the Company (representing 1,190,476 shares). The difference between the purchase price and the fair value of the net assets acquired was $785,040 and has been recognized as goodwill.

Note 5. Property and Equipment

Details of property and equipment at September 30 are as follows:

	2007	2006
Computer software	$ 400,000	$ 400,000
Office computer and equipment	126,463	121,055
Furniture and fixtures	4,202	7,439
	530,665	528,494
Less accumulated depreciation	(132,507)	(26,319)
	$ 398,158	$ 502,175

Depreciation expense was $79,870 and $26,319 during the nine-month period ended September 30, 2007, and the period ended September 30, 2006, respectively.

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Note 6. Related Party Transactions

Short-Term Notes Payable - Related Parties

	2007	2006
Short-term promissory note payable to a shareholder/Chairman of the Board of Directors. The note bears interest at a rate of 30% and is due in June 2008. If paid early, interest is still calculated as if the note had been outstanding for one full year. See additional discussion below.	$1,000,000	$-
Short-term promissory notes payable to four shareholders. The notes bear interest at a rate of 12% which is payable monthly. Due on demand. Convertible to common stock of the Company at a 20% discount from the value determined by the Company's board of directors.	125,000	
Short-term promissory notes payable to two shareholders. The notes bear interest at a rate of 12% which is payable monthly. Due on demand. One of the notes (for $60,000) payable to a shareholder/ Chairman of the Board of Directors is convertible to common stock of the Company at a 30% discount from the value determined by the Company's board of directors.	120,000	
Note payable to a shareholder's family partnership. The note bears interest at a rate of 12% which is payable monthly. Due on demand. Convertible to common stock of the Company at a 20% discount from the value determined by the Company's board of directors.	25,000	25,000
Notes payable to three shareholders, former owners of the subsidiaries acquired in June 2006. The notes are non-interest bearing and due on demand.	92,841	206,867
	$1,362,841	$231,867

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Regarding the $1,000,000 note, interest on this note is payable in shares of common stock of the Company. The Company issued 714,825 shares of common stock and recorded the issuance (valued at $300,000) as prepaid interest. This amount is being amortized over one year, the life of the note. As of September 30, 2007, the amortization of the prepaid interest was $87,500 and was recorded as interest expense. The note is senior in repayment rights to all notes of the Company and is collateralized by all assets of the Company including investments in subsidiaries.

Interest expense on related party debt was $132,738 during the nine-months ended September 30, 2007, and $30,213 during the period ended September 30, 2006. This includes interest from related party debt also discussed in Note 7.

The beneficial conversion feature associated with the discount on potential conversion of convertible debt is not considered material to these financial statements.

Other Related Party Transactions

The Company has a management agreement with affiliate companies owned by a shareholder in which the affiliates provide management advisory services to the Company. The Company incurred total advisory fees of $350,000 and $150,000 for the nine-month period ended September 30, 2007, and the period from May 6, 2006, to September 30, 2006, respectively. The 2006 amount was paid with company stock after the period ended September 30, 2006.

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Note 7. Long-Term Debt

The following long-term debt was outstanding to related parties and others at September 30:

	2007	2006
Note payable to related parties in quarterly payments of $62,625, including interest at 5%, with notes maturing on September 30, 2009. The Company did not make all scheduled payments during 2007. However, all note payments are current as of October 2007.	$529,955	$675,000
Convertible notes payable to related parties in quarterly payments of $62,625, including interest at 5%, with notes maturing on September 30, 2009. These notes are convertible at the holder's sole discretion on a payment date to convert all or a portion of the outstanding principal to common stock in increments of not less than $20,000 at the greater of $0.31 per share or a conversion price as defined in the notes. The Company did not make all scheduled payments during 2007. However, all note payments are current as of October 2007.	585,265	675,000
Loan payable to unrelated party for use of subscriber and intellectual property, loan is non-interest bearing and payable in quarterly payments of $5,416, with the unpaid balance due in full on December 31, 2009. Loan payments can be accelerated depending on the amount of net revenue generated from the use of the subscriber and intellectual property.	65,000	
	1,180,220	1,350,000
Less current portion	(635,887)	(402,090)
	$544,333	$947,910

Principal payments on long-term debt are due as follows for the years ending September 30:

2008	$635,887
2009	522,667
2010	21,666
	$1,180,220

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Note 8. Stockholders' Equity

The Company has 30,000,000 authorized shares of preferred stock (par value $0.001, liquidation preference of $50 per share), of which 5,720,000 and 5,400,000 shares are issued and outstanding at September 30, 2007 and 2006, respectively. The Company has designated 15,000,000 shares of the 30,000,000 shares as Series A 12% Cumulative Preferred Stock. The remaining 15,000,000 shares are undesignated. All outstanding preferred stock is Series A. Dividends on the Series A Preferred Stock shall be cumulative from the date of issuance and are fully participating. The accrued dividend of $200,833 and $0 was outstanding at September 30, 2007 and 2006, respectively.

The Company has 100,000,000 authorized shares of common stock (par value $0.001), of which 20,011,666 and 14,133,333 shares are issued and outstanding as of September 30, 2007 and 2006, respectively.

Note 9. Income Taxes

The Company files a consolidated income tax return which includes its four wholly-owned subsidiaries described in Note 1. Because the tax return is filed on the cash basis of accounting and because there are significant differences between financial statement reporting and income tax reporting for goodwill and other intangible assets, the financial statement income or loss can be significantly different than income or loss for tax purposes.

Based on losses for 2007 and 2006, there is no current or deferred tax provisions included in these financial statements. The Company has deferred tax assets (and to a lesser extent, deferred tax liabilities) resulting from using the cash basis of accounting and from unused net operating tax loss carryforwards. It also has deferred tax liabilities resulting from the amortization of intangible assets. Deferred tax assets are larger than deferred tax liabilities, but the net benefit has been fully reserved (which is why the statutory rate is different than the rate in these consolidated financial statements). The increase in the valuation allowance was $11,000 for the period ended September 30, 2007, and $320,000 for the period ended September 30, 2006.

As of September 30, 2007, the Company has taxable loss carryforwards of approximately $222,000 which will expire in years 2028 through 2029.

Note 10. Subsequent Event

In October 2007, The Company issued a promissory note of $85,000 to an affiliated company that has substantially the same ownership as the Company. The note bears interest at 12% and was payable in 90 days (now due on demand).

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RIGHTSIDE HOLDINGS, INC.

FINANCIAL REPORT

DECEMBER 31, 2006

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CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	**F-21**
FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEET	F-22
CONSOLIDATED STATEMENT OF OPERATIONS	F-23
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY	F-24
CONSOLIDATED STATEMENT OF CASH FLOWS	F-25
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-26 - F-31
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	**F-33**
COMBINED BALANCE SHEETS	F-34
COMBINED STATEMENTS OF OPERATIONS	F-35
COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)	F-36
COMBINED STATEMENTS OF CASH FLOWS	F-37
NOTE TO SUPPLEMENTARY INFORMATION	F-38

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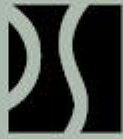

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
RightSide Holdings, Inc.
Roseville, California

We have audited the accompanying consolidated balance sheet of RightSide Holdings, Inc. ("the Company") as of December 31, 2006, and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from May 5, 2006 (inception), to December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RightSide Holdings, Inc. as of December 31, 2006, and the results of operations, changes in its stockholders' equity, and cash flows for the period from May 5, 2006 (inception), to December 31, 2006, in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN PLLC

April 20, 2007

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED BALANCE SHEET
December 31, 2006

ASSETS

Current Assets	
Cash	$313,219
Card service reserves	133,159
Accounts receivable	35,926
Prepaid expenses	10,000
Total current assets	492,304
Property and Equipment, net of accumulated depreciation of $12,637	115,856
Other Assets	
Goodwill	3,505,386
Intangibles, net of accumulated amortization of $97,711	648,556
Security deposits	4,294
	4,158,236
	$4,766,396

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable and accrued expenses	$188,978
Interest payable	55,032
Dividend payable	200,833
Deferred revenue	458,023
Current portion of long-term debt	722,357
Total current liabilities	1,625,223
Long-Term Debt, net	834,510
Total liabilities	2,459,733
Stockholders' Equity	
Preferred stock	5,720
Common stock	18,107
Additional paid-in capital	2,836,173
Retained earnings (deficit)	(553,337)
Total stockholders' equity	2,306,663
	$4,766,396

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See Notes to Consolidated Financial Statements

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Period from May 5, 2006 (inception), to December 31, 2006

Revenues	
Subscription, net	$1,017,767
Advertising	159,504
Rental	51,446
Research	11,371
Total revenues	1,240,088
Operating Expenses	
Consulting fees	555,969
Payroll	234,773
Marketing / advertising	175,299
Professional fees	131,651
Amortization	97,711
Contributors	45,935
Merchant fees	36,117
Rent	35,068
Travel and entertainment	26,664
Other	23,342
Technology	21,951
Payroll tax	20,015
Insurance	17,972
Depreciation	12,637
Telephone	9,738
Total operating expenses	1,444,842
Loss from Operations	(204,754)
Interest Expense	55,032
Loss before non-controlling interest in income of consolidated subsidiary	(259,786)
Non-controlling interest in income of consolidated subsidiary	(92,718)
Net loss	**$(352,504)**

See Notes to Consolidated Financial Statements

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Period from May 5, 2006 (inception), to December 31, 2006

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balances, May 5, 2006	$-	$-	$-	$-	$-
Issuances of stock as part of incorporation	5,400	17,467	2,677,133		2,700,000
Issuance of shares for advisory services	320	640	159,040		160,000
Net loss for the period				(352,504)	(352,504)
Preferred stock dividend				(200,833)	(200,833)
Balances, December 31, 2006	$5,720	$18,107	$2,836,173	$(553,337)	$2,306,663

See Notes to Consolidated Financial Statements

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RIGHTSIDE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period from May 5, 2006 (inception), to December 31, 2006

Cash Flows From Operating Activities	
Net loss	$(352,504)
Adjustments to reconcile net loss to net cash flows from operating activities	
Stock issued for services	160,000
Amortization	97,711
Depreciation	12,637
Non-controlling interest in income	92,718
Changes in operating assets and liabilities, net of effects of acquisitions	
Card service reserves	(133,159)
Accounts receivable	(13,369)
Prepaid expenses	(10,000)
Security deposits	600
Accounts payable and accrued expenses	(73,661)
Interest payable	55,032
Deferred revenue	(14,936)
Net cash flows from operating activities	(178,931)
Cash Flows From Investing Activity	
Acquisition of subsidiaries, net of cash acquired of $374,507	(2,115,132)
Cash Flows From Financing Activities	
Proceeds from stock issuances	2,700,000
Distribution of non-controlling interest in income	(92,718)
Net cash flows from financing activities	2,607,282
Increase in cash and cash balance, end of year	**$313,219**
Noncash investing and financing activities:	
Acquisition of subsidiaries financed with debt	$1,556,867
Preferred stock dividend (accrued but not paid)	$200,833

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

RightSide Holdings, Inc. ("RSH") was organized during 2006 to acquire three companies that provide financial newsletters to subscribers over the internet. In addition, the three companies charge for advertising on their websites and receive fees for customer list rental.

Principles of Consolidation

The consolidated financial statements include the accounts of RSH and three wholly-owned subsidiaries it acquired: RightSide Advisors, Inc. ("RSA"), Hot Stix, Inc. ("HS"), and Black Box Investing, Inc. ("BB"). RSA also owns a 50% interest in an entity called Option Investor, LLC ("OI"). Due to the level of control that RSH has (through RSA), OI is consolidated into these financial statements. OI's income (and equity) is distributed to the owners each year, so there is no non-controlling interest presented on the balance sheet. HS owns a 99% interest in an entity called Synergy Trader LLC ("Synergy"). The other one-percent ownership is considered insignificant. Collectively, these various entities are referred to as "the Company". All material intercompany accounts and transactions have been eliminated in consolidation.

Cash

The Company maintains its cash balances in financial institutions. At various times during the year ended December 31, 2006, the Company's cash balances exceeded the Federal Deposit Insurance Corporation coverage of $100,000.

Card Service Reserves

These reserves represent cash deposits on account with various credit card services. These credit card services process a significant percentage of the Company's sales transactions.

Accounts Receivable

Accounts receivable include outstanding deposits due from credit card services and amounts due directly from customers. Accounts receivable are stated at their net realizable value and are due within thirty days of billing. Based on historical collections, management believes the accounts are fully collectible. Accordingly, no allowance exists at December 31, 2006. Account receivable are generally unsecured and do not bear interest.

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Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Property and equipment is reviewed for possible impairment (none was necessary in the period ended December 31, 2006) at least annually. The Company provides for depreciation as follows:

Assets	Estimated Useful Lives	Method
Office and computer equipment	5years	Straight-line
Furniture and fixtures	7years	Straight-line

Goodwill

As part of the purchase of the three companies described earlier, the Company acquired $3,505,386 of goodwill. Management reviews goodwill at least annually for indicators of impairment. No impairment was considered necessary during the period ended December 31, 2006.

Intangibles

Intangibles are stated at cost less accumulated amortization. The Company provides for amortization as follows:

Assets	Cost	Accumulated Amortization (December 31, 2006)	Estimated Useful Lives	Method
Software	$400,000	$40,000	5 years	Straight-line
Customer Lists	$296,267	$49,378	3 years	Straight-line
Domains	$50,000	$8,333	3 years	Straight-line

Intangibles are tested for impairment (none was necessary in the period ended December 31, 2006) at least annually. Amortization expense for the period ended December 31, 2006, was $97,711. Amortization expense is expected to approximate at the years ending December 31:

2007	$195,400
2008	195,400
2009	137,700
2010	80,000
2011	40,000
	$648,500

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Deferred Revenue

Deferred revenue represents monies received in advance for advertising on its website or for subscriptions where the term of the subscription extends into the following calendar year. The subscription revenue is recorded over the term of the subscription agreements on the straight-line basis.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

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Note 2. Acquisition of Subsidiaries

During June 2006, RSH acquired the three companies (and their subsidiaries) described earlier. The acquisition was financed by capital raised from the sale of stock and notes issued to the sellers. The acquisition is part of RSH's plan to expand into the internet media industry. The activities of the acquired companies have been included in these financial statements since the acquisition date (inception of the Company). The following is a summary of assets acquired, liabilities assumed, and related costs.

Assets acquired	
Cash	$374,507
Other current assets	22,557
Property and equipment	128,493
Software	400,000
Customer lists	296,267
Domains	50,000
Other noncurrent assets	4,894
	1,276,718
Liabilities assumed	
Deferred revenue	(472,959)
Other current liabilities	(262,639)
Net assets acquired	541,120
Purchase price	
Cash paid	2,489,639
Debt issued	1,556,867
	4,046,506
Excess of purchase price over fair value of net assets acquired-Goodwill	$3,505,386

Note 3. Property and Equipment

Details of property and equipment at December 31, 2006, are as follows:

Office and computer equipment	$121,054
Furniture and fixtures	7,439
	128,493
Less accumulated depreciation	12,637
	$115,856

Depreciation expense of $12,637 was recognized during 2006.

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Note 4. Related Party Transactions

During 2006, a Company affiliate advanced the Company $50,000 to pay operating costs. At December 31, 2006, $25,000 remained outstanding, and is included in accounts payable and accrued expenses.

The Company also incurred $320,000 of advisory services provided by a shareholder, of which $150,000 was compensated in shares of stock. Shares of stock were also issued to the shareholder for $10,000 of prepaid advisory services.

Interest expense of $55,032 was incurred on related party debt (see Note 5), all of which was payable at December 31, 2006. Accordingly, no interest was paid on a cash basis during the period for May 5, 2006, to December 31, 2006.

Note 5. Long-Term Debt

The following long-term debt was outstanding to related parties at December 31, 2006:

Working capital loans payable to related parties; loans are non-interest bearing and payable upon demand.	$206,867
Note payable to related parties, quarterly payments due of $62,625, including interest at 5%, with notes maturing on September 30, 2009.	675,000
Convertible notes payable to related parties, quarterly payments due of $62,625, including interest at 5%, with notes maturing on September 30, 2009. These notes are convertible at the holder's sole discretion on a payment date to convert all or a portion of the outstanding principal to common stock in increments of not less than $20,000 at the greater of $0.31 per share or a conversion price as defined in the notes.	675,000
	1,556,867
Less current portion	(722,357)
	$834,510

Principal payments on long-term debt are due as follows for the years ending December 31:

2007	$722,357
2008	467,958
2009	366,552
	$1,556,867

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Note 6. Stockholders' Equity

The Company has 30,000,000 authorized shares of preferred stock (par value $0.001), of which 5,720,000 shares are issued and outstanding at December 31, 2006. The Company has designated 15,000,000 shares of the 30,000,000 shares as Series A 12% Cumulative Preferred Stock. Dividends on the Series A Preferred Stock shall be cumulative from the date of issuance and are fully participating. The accrued dividend of $200,833 was outstanding at December 31, 2006.

The Company has 100,000,000 authorized shares of common stock (par value $0.001), of which 18,106,666 shares are issued and outstanding.

Note 7. Income Taxes

The Company files a consolidated income tax return which includes its three wholly-owned subsidiaries described in Note 1. The tax return is filed on a cash basis of accounting, so the financial statement income or loss can be significantly different than income or loss for tax purposes. Management does not expect significant income or loss for tax return purposes for 2006.

The deferred tax asset associated with deferred revenue (and other similar deferred tax assets and liabilities associated with using the cash basis of accounting for income tax purposes) have been fully reserved. The reserve (and the increase in the reserve) at December 31, 2006, is approximately $66,000.

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SUPPLEMENTARY INFORMATION

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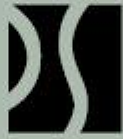

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors
RightSide Holdings, Inc.
Roseville, California

Our report on our audit of the financial statements of RightSide Holdings, Inc. for the period from May 5, 2006, to December 31, 2006, appears on page 1. That audit was conduced for the purpose of forming an opinion on the financial statements taken as a whole. The combined financial statements (excluding the statement of cash flows) of RSH's subsidiaries for the year ended December 31, 2006, on pages 14 - 17, is not a required part of the basic financial statements, but is supplementary information. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The 2005 combined financial statements of RSH's subsidiaries were audited by other auditors whose report dated March 28, 2006, expressed an unqualified opinion on those statements. The supplementary information included in the combined financial statements (excluding the statement of cash flows) of RSH's subsidiaries for 2005 was derived for those statements.

/S/ PETERSON SULLIVAN PLLC

April 20, 2007

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RIGHTSIDE ADVISORS, INC.

COMBINED BALANCE SHEETS

December 31, 2006 and 2005

ASSETS	2006	2005
Current Assets		
Cash	$312,738	$399,401
Card service reserves	133,159	36,696
Accounts receivable	35,926	
Prepaid expenses		19,455
Total current assets	481,823	455,552
Property and Equipment, net of accumulated depreciation of $109,079 in 2006 and $74,123 in 2005	95,224	125,826
Other Assets		
Customer list, net of accumulated amortization of $51,716 in 2006 and $32,277 in 2005	22,346	38,080
Security deposits	4,294	4,894
	26,640	42,974
	$603,687	$624,352
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and accrued expenses	$153,921	$166,226
Accrued payroll and related liabilities		95,644
Deferred revenue	458,023	516,724
Total current liabilities	611,944	778,594
Stockholders' Equity (Deficit)		
Common stock	23,280	23,280
Additional paid-in capital	5,961	5,961
Retained earnings (deficit)	(37,498)	(183,483)
Total stockholders' equity (deficit)	(8,257)	(154,242)
	$603,687	$624,352

See Note to Supplementary Information

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RIGHTSIDE ADVISORS, INC.

COMBINED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2006 and 2005

	2006	2005
Revenues		
Subscription, net of refunds of $129,817 for 2006	$1,945,183	$1,898,792
Advertising	483,125	401,539
Rental	98,873	
Research	19,007	10,876
Total revenues	2,546,188	2,311,207
Operating Expenses		
Payroll	753,368	600,684
Consulting fees	392,567	459,116
Marketing / advertising	315,561	346,876
Professional fees	161,091	48,780
Contributors	75,151	78,912
Merchant fees	72,625	84,182
Rent	56,248	52,214
Payroll tax	43,403	34,216
Technology	40,038	43,224
Depreciation	34,956	37,739
Other	34,161	73,493
Insurance	20,871	21,792
Amortization	19,439	23,450
Telephone	15,865	
Travel and entertainment	14,365	22,535
Other taxes	11,043	8,069
Total operating expenses	2,060,752	1,935,282
Income from operations	485,436	375,925
Non-controlling Interest in Income of Consolidated Subsidiary	(239,481)	(455,960)
Net income (loss)	**$245,955**	**$(80,035)**

See Note to Supplementary Information

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RIGHTSIDE ADVISORS, INC.

COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2006 and 2005

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balances, December 31, 2004	$23,280	$5,961	$(75,509)	$(46,268)
Net loss			(80,035)	(80,035)
Distributions			(27,939)	(27,939)
Balances, December 31, 2005	23,280	5,961	(183,483)	(154,242)
Net income			245,955	245,955
Distributions			(99,970)	(99,970)
Balances, December 31, 2006	$23,280	$5,961	$(37,498)	$(8,257)

See Note to Supplementary Information

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RIGHTSIDE ADVISORS, INC.

COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005

	2006	2005
Cash Flows From Operating Activities		
Net income (loss)	$245,955	$(80,035)
Adjustments to reconcile net income (loss) to net cash flows from operating activities		
Depreciation and amortization	54,395	61,189
Non-controlling interest in income	239,481	455,960
Changes in operating assets and liabilities		
Card service reserves	(96,463)	(917)
Accounts receivable	(35,926)	
Prepaid expenses	19,455	23,881
Contingency payments made in advance		68,410
Accounts payable and accrued expenses	(12,305)	97,572
Accrued payroll and related liabilities	(95,644)	95,644
Accrued pension plan payable		(60,000)
Deferred revenue	(58,701)	63,620
Cash flows from operating activities	260,247	725,324
Cash Flows From Investing Activities		
Purchase of property and equipment	(4,354)	(11,487)
Payment of security deposits	600	(2,000)
Contingency payments related to customer list	(3,705)	(17,153)
Cash flows from investing activities	(7,459)	(30,640)
Cash Flows From Financing Activities		
Stockholder distributions	(99,970)	(27,939)
Distribution of non-controlling interest in income	(239,481)	(455,960)
Cash flows from financing activities	(339,451)	(483,899)
Increase (decrease) in cash	**(86,663)**	**210,785**
Cash, beginning of year	399,401	188,616
Cash, end of year	$312,738	$399,401

See Note to Supplementary Information

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NOTE TO SUPPLEMENTARY INFORMATION
(Selected Disclosure - Basis of Presentation)

Note 1. Basis of Presentation

The supplementary information represents the combined financial statements (excluding the statement of cash flows) of RightSide Advisors, Inc. ("RSA"), Hot Stix, Inc. ("HS"), Black Box Investing, Inc. ("BB"), Option Investor, LLC ("OI"), and Synergy Trader LLC ("Synergy"). These entities are presented as a combined entity based on common ownership. During 2006, RSA, HS, and BB were purchased by a company called RightSide Holdings, Inc. ("RSH"). RSA owns 50% of OI and HS owns 99% of Synergy. All of OI's and Synergy's financial activities are included in these financial statements. The basis of the assets and liabilities have not been adjusted as a result of RSH acquisition. RSH is not included in this combined supplementary information. Note that the entities presented had common ownership both before and after the acquisition by RightSide Holdings, Inc.

Note that RSA, HS, and BB file a consolidated tax return with RSH. No tax benefit or expense has been included in these financial statements.

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21ST CENTURY INVESTORS
PUBLISHING CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2006 and 2005

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CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	**F-41**
FINANCIAL STATEMENTS	
BALANCE SHEETS	F-42
STATEMENTS OF OPERATIONS	F-43
STATEMENTS OF SHAREHOLDERS' DEFICIT	F-44
STATEMENTS OF CASH FLOWS	F-45
NOTES TO FINANCIAL STATEMENTS	F-46 - F-49

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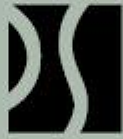

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors RightSide Holdings, Inc. Roseville,
California

We have audited the accompanying balance sheets of 21st Century Investors Publishing Corporation ("the Company") as of December 31, 2006 and 2005, and the related statements of operations, shareholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 21st Century Investors Publishing Corporation as of December 31, 2006 and 2005, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN PLLC

December 31, 2007

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21ST CENTURY INVESTORS PUBLISHING CORPORATION

BALANCE SHEETS

December 31, 2006 and 2005

ASSETS	2006	2005
Current Assets		
Cash	$84,569	$108,991
Accounts receivable	63,152	65,868
Prepaid expenses	9,027	9,800
Receivable from related parties	19	195,000
Receivable from shareholder		78,647
Total current assets	$156,767	$458,306
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	$11,891	$32,513
Deferred subscription revenue	471,177	586,451
Payable to related parties	250,000	280,125
Total current liabilities	733,068	899,089
Shareholders' Deficit		
Common stock (par value $0.10; authorized 6,000 shares; issued and outstanding 300 shares)	30	30
Additional paid-in capital	9,970	9,970
Retained deficit	(586,301)	(450,783)
Total shareholders' deficit	(576,301)	(440,783)
	$156,767	$458,306

See Notes to Financial Statements

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21ST CENTURY INVESTORS PUBLISHING CORPORATION

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2006 and 2005

	2006	2005
Revenue		
Subscription	$1,287,030	$1,786,622
Customer list rental	397,431	517,444
Advertising	65,223	77,734
Other		38,997
Total revenue	1,749,684	2,420,797
Cost of Revenue	396,613	605,676
Gross profit	1,353,071	1,815,121
Operating Expenses		
Payroll	939,595	1,247,126
Rent	97,325	109,811
Commissions	8,779	353,396
Advertising	50,880	14,812
Licenses and permits	74,362	162,776
Professional fees	43,165	57,667
Bank charges	36,912	51,783
Web hosting	60,008	88,815
Promotions	65,841	2,225
Other	14,210	10,049
Total operating expenses	1,391,077	2,098,460
Net loss	**$(38,006)**	**$(283,339)**

See Notes to Financial Statements

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21ST CENTURY INVESTORS PUBLISHING CORPORATION

STATEMENTS OF SHAREHOLDERS' DEFICIT
For the Years Ended December 31, 2006 and 2005

	Common Stock				
	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balances, December 31, 2004	300	$30	$9,970	$334,836	$344,836
Net loss				(283,339)	(283,339)
Distributions to shareholders				(502,280)	(502,280)
Balances, December 31, 2005	300	30	9,970	(450,783)	(440,783)
Net loss				(38,006)	(38,006)
Distributions to shareholder				(97,512)	(97,512)
Balances, December 31, 2006	300	$30	$9,970	$(586,301)	$(576,301)

See Notes to Financial Statements

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21ST CENTURY INVESTORS PUBLISHING CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2006 and 2005

	2006	2005
Cash Flows From Operating Activities		
Net loss	$(38,006)	$(283,339)
Adjustments to reconcile net income (loss) to net cash flows from operating activities		
Changes in operating assets and liabilities		
Accounts receivable	2,716	57,681
Prepaid expenses	773	14,924
Receivable from related parties	194,981	(87,910)
Receivable from shareholders	78,647	521,886
Accounts payable and accrued expenses	(20,622)	(11,282)
Deferred subscription revenue	(115,274)	(229,981)
Payable to related parties	(30,125)	262,891
Net cash flows from operating activities	73,090	244,870
Cash Flows From Financing Activity		
Distributions to shareholders	(97,512)	(262,813)
Net change in cash	(24,422)	(17,943)
Cash, beginning of year	108,991	126,934
Cash, end of year	$84,569	$108,991
Supplemental Non-Cash Financing Activity		
Distribution to shareholder through reduction of receivable from shareholder	$-	$239,467

See Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

21st Century Investors Publishing Corporation ("the Company") was incorporated in Florida in October 1998. Until its business was acquired in June 2007, the Company provided financial newsletters primarily to subscribers over the internet. In addition, the Company charged for advertising on its websites and received fees for customer list rental.

On June 15, 2007, the Company sold substantially all of its business assets in a transaction more fully described in Note 3. This sale allowed the Company to pay off certain creditors. The Company's shareholders have decided to distribute its remaining cash and shut down the Company. This shut down is expected to be finalized in early 2008. The accompanying financial statements have not been prepared on the liquidation basis of accounting because the decision to liquidate was not made until 2007.

Cash

The Company maintains its cash balances in financial institutions. The Company's cash balances occasionally exceed the Federal Deposit Insurance Corporation coverage of $100,000.

Accounts Receivable

Accounts receivable include amounts due directly from customers. Accounts receivable are stated at their net realizable value and are due within forty or sixty days of billing. Based on historical collections, management believes the accounts are fully collectible. Accordingly, there is no allowance at December 31, 2006 and 2005. Accounts receivable are generally unsecured and do not bear interest. As of December 31, 2006, amounts due from three customers accounted for 75% of accounts receivable. As of December 31, 2005, amounts due from five customers accounted for 80% of accounts receivable.

Deferred Subscription Revenue

Deferred subscription revenue represents cash received in advance for subscriptions where the term of the subscription extends into the following calendar year. The subscription revenue is recorded over the term of the subscription agreements on the straight-line basis.

Income Taxes

The Company has elected to be taxed under Subchapter S of the Internal Revenue Code. As a result, income is taxed at the shareholder level.

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Advertising

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Note 2. Related Party Transactions

The Company made advances to a shareholder in a prior year of which $78,647 was still receivable of December 31, 2005. This amount was repaid in 2006.

The Company's majority shareholder during the years ended December 31, 2006 and 2005, was also the majority shareholder of several companies that do business with the Company. The Company and these affiliates split the costs associated with shared office facilities and employees. The Company has various other transactions with affiliates for which it may receive or pay fees. A summary of the transactions is as follows for the years ended December 31:

	2006	2005
Payroll paid to James DiGeorgia & Associates, Inc.	$939,595	$1,247,126
Office rent paid to James DiGeorgia & Associates, Inc.	97,325	109,811
Advertising income received from:		
21st Century Futures, LLC	9,497	24,609
Erlanger Squeeze Play, LLC	6,156	9,346
Tactical Trading, LLC	13,160	27,912
Torpedo Watch, LLC	1,339	5,130
Commissions paid to:		
21st Century Options Corporation		60,515
Erlanger Squeeze Play, LLC	1,654	11,019
Silver and Gold Report, LLC		280,000

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A summary of amounts receivable from related parties is as follows as of December 31:

	2006	2005
James DiGeorgia & Associates, Inc.	$19	$-
Finestknown, Inc.		15,000
Renaissance Health Publishing, LLC		180,000
	$19	$195,000

A summary of amounts payable to related parties is as follows as of December 31:

	2006	2005
Silver and Gold Report, LLC	$250,000	$279,424
Erlander Squeeze Play, LLC		701
	$250,000	$280,125

The Company and its affiliates share office facilities under an operating lease for which James DiGeorgia & Associates, Inc. is the contractual tenant. The lease expires in March 2013. The Company reimburses James DiGeorgia & Associates, Inc. for its share of the office space under a verbal agreement between the two parties. The amount allocated to the Company is based on the number of subscribers of the Company's newsletters compared to the total number of subscribers from all affiliates' newsletters. The future minimum payments required by the parties under this lease for the years ending December 31 are as follows (allocated amounts are estimated based on current subscribers):

	Total Lease Obligation	Allocation to the Company
2007	$269,197	$104,987
2008	279,965	109,186
2009	291,163	113,554
2010	302,810	118,096
2011	314,922	122,820
Thereafter	410,733	160,186
	$1,868,790	$728,829

There were no other material transactions between the Company and its affiliates. However, the existence of common ownership could result in the future operating results or financial position of the companies being significantly different from those that would be obtained if the companies were autonomous.

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Note 3. Sale of Assets

On June 15, 2007, the Company sold substantially all of its assets and assigned substantially all of its outstanding contracts to RightSide Holdings, Inc. ("RightSide"), a company with similar operations. Pursuant to the terms of the purchase agreement between the parties, RightSide paid $700,000 in cash and $500,000 in the form of 1,190,476 shares of RightSide common stock to the Company's former shareholder.

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DUNCAN MEDIA GROUP, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT
(UNAUDITED)

September 30, 2007

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DUNCAN MEDIA GROUP, INC.
CONSOLIDATED BALANCE SHEET
September 30, 2007
Unaudited

ASSETS	
Current assets	
Cash	$335,908
Accounts receivable	450,380
Due from related parties	39,032
Prepaid income taxes	157,690
Prepaid expenses	9,787
Total current assets	992,797
Property and equipment, net of accumulated depreciation of $7,683	53,448
Intangible assets, net of accumulated amortization of $1,039,457	1,940,875
Goodwill	1,543,129
	$4,530,249
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Accounts payable	$213,494
Due to related party	35,047
Accrued expenses	59,315
Current portion of long-term debt	500,000
Total current liabilities	807,856
Long-term debt, net	749,999
Total liabilities	1,557,855
Stockholders' equity	
Preferred stock (par value $0.001; authorized 100,000,000 shares; issued and outstanding 4,150,000 shares; liquidation preference of $4,108,500)	4,150
Common stock (par value $0.001; authorized 100,000,000 shares; issued and outstanding 10,300,000 shares)	10,300
Additional paid-in capital	3,885,550
Retained deficit	(927,606)
Total stockholders' equity	2,972,394
	$4,530,249

See Notes to the Consolidated Financial Statements

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DUNCAN MEDIA GROUP, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
For the nine-month period ended September 30, 2007
Unaudited

Pay per click revenues	$3,333,748
Management services fees	235,000
Total revenues	3,568,748
Expenses	
Pay per click expenses	1,999,620
Selling, general, and administrative	1,135,338
Depreciation of property and equipment	7,683
Amortization of intangible assets	1,039,457
Total operating expenses	4,182,098
Loss from operations	(613,350)
Other income (expense)	
Interest income	2,111
Interest expense	(54,941)
Total other income (expense)	(52,830)
Loss before income tax expense	(666,180)
Income tax provision	(149,310)
Net loss	$(815,490)

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DUNCAN MEDIA GROUP, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the nine-month period ended September 30, 2007

Unaudited

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Deficit	Total
	Shares	Amount	Shares	Amount			
Balances, January 1, 2007	1,900,000	$ 1,900	3,800,000	$ 3,800	$ 1,894,300	$ (112,116)	$ 1,787,884
Issuance of stock, net of $250,000 fees	2,150,000	2,150	6,300,000	6,300	1,891,550	-	1,900,000
Issuance of stock for advisory services	100,000	100	200,000	200	99,700	-	100,000
Net loss for the period		-		-	-	(815,490)	(815,490)
Balances, September 30, 2007	4,150,000	$ 4,150	10,300,000	$ 10,300	$ 3,885,550	$ (927,606)	$ 2,972,394

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DUNCAN MEDIA GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended September 30, 2007

Unaudited

Cash flows from operating activities	
Net loss	$(815,490)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Amortization	1,039,457
Depreciation	7,683
Issuance of stock for advisory services	100,000
Changes in operating assets and liabilities:	
Accounts receivable	(152,242)
Due from related parties	(39,032)
Prepaid expenses	34,829
Prepaid income taxes	(157,690)
Accounts payable	55,674
Due to related party	65,603
Accrued expenses	59,315
Net cash provided by operating activities	198,107
Cash flows from investing activity	
Acquisition of subsidiary, net of cash acquired of $171,111	(3,078,889)
Purchase of property and equipment	(6,383)
Net cash used by investing activities	(3,085,272)
Cash flows from financing activities	
Proceeds from issuance of stock, net	1,854,000
Proceeds from short-term note payable	450,000
Repayment of Short-term note payable	(450,000)
Principal payments on long-term debt	(250,001)
Net cash provided by financing activities	1,603,999
Net change in cash	(1,283,166)
Cash, beginning of period	1,619,074
Cash, end of period	**$335,908**
Noncash investing and financing activities:	
Acquisition of subsidiaries by incurrence of debt	$1,500,000
Conversion of note payable to officer to stock	$46,000

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DUNCAN MEDIAN GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
Unaudited

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

Duncan Media Group, Inc. (the "Company") is an internet media investment and management services company that focuses its investments primarily on the internet business services and media sector. The Company was incorporated in Delaware on November 21, 2006. The Company's involvement with internet media is through its wholly-owned subsidiary, Superfly Advertising, Inc.("Superfly"). Management services are provided to Rightside Holdings, Inc. ("Rightside"), an affiliated company with common shareholders and the same officers and directors of the Company.

On January 22, 2007, the Company purchased all of Superfly's common stock from an unrelated party, for $5,000,000. $3,500,000 was payable immediately in cash and the remaining $1,500,000 was payable in the form of notes payable to the former owners/shareholders. See Note 4 for allocation of the purchase price.

Superfly along with its wholly-owned subsidiary, Treefrog Commerce, Inc. ("Treefrog") was incorporated in Indiana in November 2004. Superfly performs keyword searches, purchasing advertisements on various internet search engines. Consumers are directed to domain web pages Superfly owns containing keyword-based links to higher-priced cost-per-click ("CPC") syndicated advertisements. The consumer clicks on one of the higher-priced advertisements and Superfly earns fees on the click-through (known as pay-per-click, or "PPC") from the merchant placing the advertisement. Superfly nets the difference between the low price paid for the CPC advertisement on the search results page and the higher price it generates when the consumer clicks on an advertisement on the domain web page.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and Superfly with its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimated amounts.

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Cash

The Company maintains its cash balances in financial institutions. Cash balances occasionally exceed federal banking insurance limits.

Accounts Receivable

Accounts receivable are stated at their outstanding balances. Management reviews the collectability of accounts receivable on a periodic basis and determines the appropriate amount of any allowance. No allowance was deemed necessary at September 30, 2007. The Company charges off receivables to an allowance (if any) when management determines that a receivable is not collectible. Accounts receivable are not collateralized.

Three customers accounted for 99% of accounts receivable at September 30, 2007.

Property and Equipment

Property and equipment consists of office furniture and equipment and are stated at historical cost less accumulated depreciation. Maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Goodwill

Management reviews goodwill at least annually for indicators of impairment, or more frequently upon occurrence of an event or when circumstances indicate the carrying value is greater than fair value. No impairment was considered necessary during the period ended September 30, 2007.

Intangible Assets

Intangible assets other than goodwill are subject to amortization. Accordingly, they are stated at cost less accumulated amortization. Intangible assets are reviewed for potential impairment at least annually or whenever events or circumstances occur that indicate the carrying amounts may not be recoverable. No impairment was considered necessary during the period ended September 30, 2007.

Advertising Costs

The Company incurs advertising costs to place customers' websites on the third-party informational websites. These advertising costs are expensed as incurred. The Company incurred $1,774,617 for the period ended September 30, 2007. One vendor represented 89% of advertising costs for the period ended September 30, 2007. Advertising costs
are reported as pay per click expenses in the consolidated statement of operations.

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Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been recognized in the Company's financial statements or income tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax laws or rates.

Note 2. Property and Equipment

Property and equipment consists of office furniture and equipment and are stated at cost of $61,131 less accumulated depreciation of $ 7,683.

Note 3. Notes Payable to Officer

In 2006, the Company issued an unsecured on demand note payable to an officer totaling $46,000. Interest on the note accrued at a rate of 12%. In January 2007, the note payable with accrued interest was converted to a capital contribution for 50,000 shares of preferred stock and 100,000 shares of common stock.

Note 4. Acquisition of Superfly Advertising, Inc.

On January 22, 2007, the Company acquired 100% of the outstanding stock of Superfly including its wholly-owned subsidiary, Treefrog from unrelated parties. Superfly places advertising on third-party informational and referral source internet websites specific to the industries in which their customers operate, and then charges customers for coordinating their advertising services. The acquisition of Superfly is in line with the nature of operations of the Company.

The Company purchased Superfly for $5,000,000. Total consideration for the purchase included a $250,000 deposit paid in 2006, a cash payment of $3,250,000 paid at closing, and the issuance of two notes payable totaling $1,500,000 in favor of Superfly's former owners/shareholders (see Note 6).

The results of operations for the Company include Superfly as of the acquisition date January 2, 2007. An allocation of the purchase price, based on the relative fair values at the time of purchase, was recorded at January 22, 2007, as follows:

Cash	$ 171,111
Accounts and other receivables	328,694
Other current assets	9,226
Property and equipment	46,723
Intangible assets (see Note 5)	2,980,332
Goodwill	1,543,129
Accounts payable and accrued expenses	(79,215)
Total	$ 5,000,000

Intangible assets include domain name rights and non-compete agreements and are amortized over their estimated useful lives; see Note 5. Goodwill is not amortizable.

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The Company financed the cash portion of the purchase price consideration through the issuance of preferred and common stock. In addition, the Company issued a note payable to an unrelated company for $450,000. Interest on this note accrued at a rate of 5.5%. The note was repaid in April 2007.

Goodwill is not expected to be deductible for income tax purposes. Domain name rights and noncompete agreements are expected to be amortized over a weighted-average period of 3.8 and 3.0 years, respectively.

Note 5. Intangible Assets

The Company provides for amortization of intangible assets as follows:

Assets	Cost	Accumulated Amortization as of September 30, 2007	Net Book Value	Estimated Useful Life	Method
Domain names-Commodity	$ 1,018,691	$ (703,773)	$ 314,918	1 year	Straight-line
Domain names-Long Life	881,933	(87,042)	794,891	7 years	Straight-line
Non-Compete Agreements	1,079,708	(248,642)	831,066	3 years	Straight-line
	$ 2,980,332	$ (1,039,457)	$ 1,940,875		

Amortization expense was $1,039,457 for the period ended September 30, 2007. Amortization expense is estimated to be the following for each of the years ended September 30th, respectively, $827,811 in 2008, $485,893 in 2009, $297,250 in 2010, $125,990 in 2011, and $125,990 in 2012.

Note 6. Long-Term Debt

The Company issued two long-term notes payable to former stockholders ("the Acquisition Notes") totaling $1,500,000 to finance the acquisition of Superfly. The Acquisition Notes are being repaid starting in March 2007 in equal monthly installments totaling $41,667, plus interest at 7% with maturity in February 2010. The notes must be repaid immediately in the event of change in control or initial public registration of the Company's or Superfly's common stock with proceeds that exceed $20,000,000. Additionally, note installments are subject to deferral in any month during the term of the notes the Company does not reach a certain earnings amount, as defined, the installments shall not be paid in that month and the payment of principal and interest is deferred to the end of the term. Further, for any month the Company produces excess earnings, as defined, the installment payment will increase. The notes are secured by the Company's assets.

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Required principal payments for the years ended September 30th, respectively are $500,000 in 2008, $500,000 in 2009, and $249,999 in 2010.

Interest expense of $49,247 was paid on these notes from January 22, 2007, to September 30, 2007. There was no unpaid interest as of September 30, 2007.

Note 7. Income Taxes

In 2006, the Company did not record an income tax benefit for its net loss due to the uncertainty of future taxable income. The deferred tax asset of approximately $45,000 associated with the net operating loss carryforward from 2006 was fully reserved. This loss carryforward will be utilized as estimated upon completion of the 2007 consolidated tax return and is fully reserved as of September 30, 2007.

At September 30, 2007, the Company did not have any deferred tax assets or liabilities with the primary difference between income taxes, calculated at the statutory rate and income taxes recorded in the Statement of Operations, relating to the amortization of intangible assets under generally accepted accounting principles that is not allowable for tax purposes. This difference results in taxable income and a tax expense on the books.

The 2007 income tax provision consists of:

Current provision:

Federal	$76,310
State	73,000
	$149,310

Note 8. Preferred Stock

Preferred stock is subordinated to existing senior debt of the Company, but senior to common stock. The stock has a 10% dividend rate accrued annually and paid quarterly. Preferred stock has no voting rights and is not convertible into common stock. Upon liquidation, preferred stockholders will receive return of capital (at $0.999 per share) plus any accrued and unpaid dividends.

Note 9. Relationship with Rightside Holdings, Inc.

The Company shares office facilities with Rightside. Rightside is the sublessee on an operating sublease agreement for the office facilities for the Company which expires in July 2010. The Company pays the sublessor directly each month for use of the office space under a verbal agreement. The future minimum payments required by the Company under this lease for the years ended September 30th are as follows: $33,932 in 2008, $34,823 in 2009 and $20,790 in 2010 totaling $89,545. Rent and security deposits on the lease agreement during this time were paid by RightSide. The rent expense for the period ended September 30, 2007 was $24,725.

During the nine-month period ended September 30, 2007, the Company received $235,000 in fees from Rightside Holding, Inc. under a management services agreement.

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Note 10. Relationship with Hello Metro, Inc.

Superfly's former majority shareholder prior to January 22, 2007, is also the sole shareholder of Hello Metro, Inc., a company that operates websites on the internet and has some similar operations. Superfly and Hello Metro, Inc. share office facilities under an operating lease for which Hello Metro, Inc. is the contractual tenant. The operating lease expires in October 2008. Superfly reimburses Hello Metro, Inc. monthly for its share of the office space under a verbal agreement between the two parties. The future minimum payments required by the parties under this lease for the year ending September 30, 2008, is $51,996 (to be paid by Hello Metro, Inc.) of which the Company is to reimburse $6,000. Rent expense amounted to $4,240 for the period from January 22, 2007 to September 30, 2007.

There were no other material transactions between these two companies. However, the relationship could result in the future operating results or financial position of the companies being significantly different from those that would be obtained if the companies were autonomous.

Note 11. Relationship with DC Associates, LLC

One of the Company's majority shareholders controls DC Associates, LLC for which the Company pays a monthly management fee of $13,000 under an Advisory Agreement for financial services. For the nine-month period ended September 30, 2007, the Company expensed a total of $216,199 relating to DC Associates, LLC. The expense is included in general & administrative expenses.

Note 12. Joint Venture Agreement

In June 2007, Superfly entered into a Joint Venture Agreement with one of the former stockholders to use his local city guide websites for the purpose of internet traffic arbitrage. In exchange for the use of his websites, the Company pays a portion (40%) of the internet traffic arbitrage profits to him as a Domain Leasing Fee. Funds can be advanced to the venture, as well. As of September 30, 2007, the Company had a payable of $35,047 to the venture. Revenue earned and expenses incurred under this agreement are approximately $630,000 and $370,000 for the nine-month period ended September 30, 2007.

Note 13. Subsequent Events

In December 2007, the Joint Venture Agreement discussed in Note 12 was amended to change the Domain Leasing Fee currently paid to the former stockholder to 10%. He will receive the remaining 30% of the profit in the form of an accelerated note payment on the Acquisition Notes described earlier. The other note holder will also automatically receive accelerated note payments.

In October 2007, the Company loaned $85,000 to Rightside by receipt of a promissory note. The note bears interest at 12% and was payable in 90 days and is now due on demand.

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DUNCAN MEDIA GROUP, INC.

FINANCIAL REPORT

DECEMBER 31, 2006

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CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	**F-63**
FINANCIAL STATEMENTS	
BALANCE SHEET	F-64
STATEMENT OF OPERATIONS	F-65
STATEMENT OF STOCKHOLDERS' EQUITY	F-66
STATEMENT OF CASH FLOWS	F-67
NOTES TO FINANCIAL STATEMENTS	F-68 - F-71

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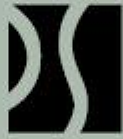

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Duncan Media Group, Inc.
Roseville, California

We have audited the accompanying balance sheet of Duncan Media Group, Inc. as of December 31, 2006, and the related statements of operations, stockholders' equity, and cash flows for the period from November 21, 2006 (date of inception) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duncan Media Group, Inc. as of December 31, 2006, and the results of its operations and its cash flows for the period from November 21, 2006 (date of inception) to December 31, 2006, in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN PLLC

January 21, 2008

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DUNCAN MEDIA GROUP, INC.

BALANCE SHEET
December 31, 2006

ASSETS

Current Assets	
Cash	$1,619,074
Prepaid expenses	10,000
Prepaid acquisition costs	25,390
Deposit on acquisition of subsidiary	250,000
Total current assets	1,904,464
Property and Equipment	8,025
Total assets	$1,912,489
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	$78,605
Notes payable to officer	46,000
Total current liabilities	124,605
Stockholders' Equity	
Preferred stock (par value $0.001; authorized 100,000,000 shares; issued and outstanding 1,900,000 shares; liquidation preference of $1,898,100)	1,900
Common stock (par value $0.001; authorized 100,000,000 shares; issued and outstanding 3,800,000 shares)	3,800
Additional paid-in capital	1,894,300
Accumulated deficit	(112,116)
Total stockholders' equity	1,787,884
Total liabilities and stockholders' equity	$1,912,489

See Notes to Financial Statements

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DUNCAN MEDIA GROUP, INC.

STATEMENT OF OPERATIONS

For the Period from November 21, 2006 (date of inception) to December 31, 2006

Operating Expenses	
General and administrative	$112,172
Loss from operations	(112,172)
Interest Income	108
Other Expense	(52)
Net loss	**$(112,116)**

See Notes to Financial Statements

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DUNCAN MEDIA GROUP, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

For the Period from November 21, 2006 (date of inception) to December 31, 2006

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additonal Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Issuance of stock	1,900,000	$1,900	3,800,000	$3,800	$1,894,300	$-	$1,900,000
Net loss						(112,116)	(112,116)
Balances at December 31, 2006	1,900,000	$1,900	3,800,000	$3,800	$1,894,300	$(112,116)	$1,787,884

See Notes to Financial Statements

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DUNCAN MEDIA GROUP, INC.

STATEMENT OF CASH FLOWS

For the Period from November 21, 2006 (date of inception) to December 31, 2006

Cash Flows From Operating Activities	
Net loss	$(112,116)
Adjustments to reconcile net loss to net cash used by operating activities	
Changes in operating assets and liabilities:	
Prepaid expenses	(10,000)
Accounts payable	78,605
Net cash used by operating activities	(43,511)
Cash Flows From Investing Activities	
Prepaid acquisition costs	(25,390)
Deposit on acquisition of subsidiary	(250,000)
Purchases of property and equipment	(8,025)
Net cash used by investing activities	(283,415)
Cash Flows From Financing Activities	
Proceeds from notes payable to officer	46,000
Proceeds from issuance of stock	1,900,000
Net cash provided by financing activities	1,946,000
Net change in cash and cash at end of period	**$1,619,074**

See Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

Duncan Media Group, Inc. ("the Company") is an internet media investment and management firm that focuses its investments primarily on internet business services and media sectors. The Company was incorporated in Delaware on November 21, 2006, as Duncan Capital Media Group, Inc., to raise capital towards investments. The Company changed its name to Duncan Media Group, Inc. on December 13, 2006. The Company is located in California, but seeks business investments nationwide.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimated amounts.

Cash

The Company maintains its cash balances in financial institutions. Cash balances may occasionally exceed federal banking insurance limits.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities, applying enacted statutory rates in effect for the year in which the differences are expected to reverse. The Company provides valuation allowances for deferred tax assets for which realization of such assets is not considered more likely than not.

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Note 2. Property and Equipment

Property and equipment consists of office furniture and equipment at December 31, 2006. No depreciation of property and equipment was recorded for the period from November 21, 2006 (date of inception) to December 31, 2006, since it would not have been material.

Note 3. Notes Payable to Officer

The Company issued three notes payable to an officer totaling $46,000 in 2006. Interest on the notes accrued at a rate per annum equal to 12%. Notes payable to officer were payable on demand and are unsecured. In January 2007, the notes payable plus accrued interest were converted to a capital contribution for 50,000 shares of preferred stock and 100,000 shares of common stock.

Note 4. Income Taxes

The Company did not record an income tax benefit for its net loss in 2006 due to the uncertainty of future taxable income. The deferred tax asset of approximately $45,000 associated with the net operating loss carryforward has been fully reserved. The most significant component of the difference between the effective tax rate and the statutory tax rate is the change in the valuation allowance of $45,000. The Company's tax net operating loss carryforward was approximately $112,000 at December 31, 2006, and expires in 2026.

Note 5. Preferred Stock

Preferred stock is subordinated to existing senior debt of the Company, but senior to common stock. The stock has a 10% dividend rate accrued annually and paid quarterly. Preferred stock has no voting rights and is not convertible into common stock. Upon liquidation, preferred stockholders will receive return of capital (at $0.999 per share) plus accrued and unpaid dividends.

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Note 6. Relationship with RightSide Holdings, Inc.

The Company shares office facilities with RightSide Holdings, Inc. ("RightSide"). The Company and RightSide share the same officers and board of directors. RightSide is the sublessee on an operating sublease agreement for the office facilities. The operating sublease agreement expires in July 2010. The Company pays the sublessor directly each month for use of the office space under a verbal agreement. The future minimum payments required by the Company under this lease for the years ending December 31 are as follows:

2007	$33,041
2008	33,932
2009	34,823
2010	20,790
	$122,586

There was no rent expense recorded for the period ended December 31, 2006. Rent and security deposits on the lease agreement during this time were paid by RightSide.

On October 1, 2007, the Company issued a note payable in the amount of $85,000 to RightSide. Interest on the note accrues at a rate per annum equal to 12%. The note is unsecured and due on January 1, 2008.

Note 7. Subsequent Acquisition of Subsidiary

On January 22, 2007, the Company acquired 100% of the stock of Superfly Advertising, Inc. and its wholly-owned subsidiary, Treefrog Commerce, Inc. (collectively, "Superfly"). Superfly places advertising on third-party informational and referral source Internet websites specific to the industries in which their customers operate, and then charges customers for coordinating their advertising services. The acquisition of Superfly is in line with the nature of operations of the Company.

The Company paid a total of $5,000,000 for the purchase of Superfly. The consideration included a $250,000 deposit paid in 2006, a cash payment of $3,250,000 paid at the closing of the purchase, and the issuance of two notes payable totaling $1,500,000 in favor of Superfly's shareholders.

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The results of operations of Superfly prior to the acquisition date have not been included in these financial statements since control did not exist until the acquisition date. The following table summarizes the carrying value of Superfly's assets acquired and liabilities assumed as of January 22, 2007, the acquisition date:

Current assets	$509,031
Property and equipment, net	46,723
Domain name rights	1,900,624
Noncompete agreements	1,079,708
Goodwill	1,543,129
Total assets acquired	5,079,215
Current liabilities	79,215
Net assets acquired	$5,000,000

Goodwill is not expected to be deductible for income tax purposes. Domain name rights and noncompete agreements are expected to be amortized over a weighted-average period of 3.8 and 3.0 years, respectively.

The Company obtained additional cash in 2007 for the purchase price consideration through the issuance of 2,100,000 shares of preferred stock and 4,200,000 shares of common stock for $2,100,000. In addition, the Company issued a note payable to an unrelated company for $450,000. Interest on this note accrued at a rate per annum equal to 5.5%. The note was repaid in full in April 2007.

The two notes payable to the former Superfly shareholders totaling $1,500,000 bear interest at a rate per annum equal to 7%. The notes are unsecured and mature in February 2010. Principal payments are due monthly in equal installments of $41,667 plus interest (this is the payment total for both notes each month) until maturity. All principal is due immediately, however, in the event of a change in control of Superfly or an initial public offering of Superfly's shares that exceeds $20,000,000. In addition, the required principal payments are adjusted up or down monthly if Superfly's net income is above or below specific thresholds.

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SUPERFLY ADVERTISING, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT
(A Review)

SEPTEMBER 30, 2007

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CONTENTS

	Page
ACCOUNTANTS' REVIEW REPORT	**F-74**
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEET	F-75
CONSOLIDATED STATEMENT OF OPERATIONS	F-76
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	F-77
CONSOLIDATED STATEMENT OF CASH FLOWS	F-78
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-79 - F-84
SUPPLEMENTARY INFORMATION	
ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION	**F-85**
CONSOLIDATED STATEMENTS OF OPERATIONS	F-86
NOTE TO SUPPLEMENTARY INFORMATION	F-87

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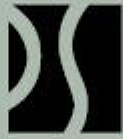

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Duncan Media Group, Inc.
New York, New York

We have reviewed the accompanying consolidated balance sheets of Superfly Advertising, Inc. and Subsidiary as of September 30, 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for the period from January 22, 2007, to September 30, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of Superfly Advertising, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN PLLC

December 30, 2007

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
(See Accountants' Review Report)
September 30, 2007

ASSETS

Current Assets	
Cash and cash equivalents	$300,036
Accounts receivable	450,380
Prepaid expenses	2,000
Total current assets	752,416
Property and Equipment, net	43,665
Other Assets	
Intangible assets, net	1,940,875
Goodwill	1,543,129
	3,484,004
Total assets	$4,280,085

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities	
Accounts payable	$198,483
Due to related party	35,047
Accrued expenses	5,995
Income taxes payable	55,000
Current portion of long-term notes payable	500,000
Total current liabilities	794,525
Long-Term Notes Payable, net of current potion	749,999
Total liabilities	1,544,524
Shareholders' Equity	
Common stock (no par or stated value; authorized, issued, and outstanding 100 shares)	200
Additional paid-in capital	3,499,800
Retained earnings (deficit)	(764,439)
Total shareholders' equity	2,735,561

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Total liabilities and shareholders' equity	$4,280,085

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS

(See Accountants' Review Report)

For the Period from January 22, 2007 to September 30, 2007

Revenue	$3,333,747
Cost of sales	1,999,620
Gross profit	1,334,127
Operating expenses	
Management fees	319,000
Selling, general, and administrative	178,886
Depreciation of property and equipment	5,677
Amortization of intangible assets	1,039,457
Total operating expenses	1,543,020
Loss from operations	(208,893)
Other income (expense)	
Interest income	2,110
Interest expense	(49,247)
Total other income (expense)	(47,137)
Loss before income tax expense	(256,030)
Income tax provision	(362,000)
Net loss	**$(618,030)**

See Notes to Consolidated Financial Statements

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(See Accountants' Review Report)
For the Period from January 22, 2007 to September 30, 2007

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
Balances at January 22, 2007		$-	$-	$-	$-
Contribution of net assets and liabilities in the form of contributed capital	100	200	3,499,800	-	3,500,000
Net loss	-	-	-	(618,030)	(618,030)
Dividends	-	-	-	(146,409)	(146,409)
Balances at September 30, 2007	100	$200	$3,499,800	$(764,439)	$2,735,561

See Notes to Consolidated Financial Statements

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
(See Accountants' Review Report)
For the Period from January 22, 2007 to September 30, 2007

Cash Flows From Operating Activities	
Net loss	$(618,030)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation of property and equipment	5,677
Amortization of information assets	1,039,457
Changes in operating assets and liabilities	
Accounts receivable	(121,686)
Prepaid expenses	7,226
Accounts payable	127,050
Due to related party	35,047
Accrued expenses	(1,787)
Income taxes payable	55,000
Net cash provided by operating activities	527,954
Cash Flows From Investing Activities	
Purchases of property and equipment	(2,619)
Cash acquired as part of acquisition	171,111
Net cash provided by investing activities	168,492
Cash Flows From Financing Activities	
Repayment on long-term debt	(250,001)
Dividends paid	(146,409)
Net cash used by financing activities	(396,410)
Net change in cash and cash equivalents, and cash and cash equivalents, end of period	$300,036
Cash paid for interest	$49,247
Cash paid for income taxes	$307,000

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

Superfly Advertising, Inc. ("Superfly"), along with its wholly-owned subsidiary, Treefrog Commerce, Inc. ("Treefrog") (collectively, "the Company"), was incorporated in Indiana in November 2004. The Company performs keyword searches, purchasing advertisements on various internet search engines. Consumers are directed to domain web pages the Company owns containing keyword-based links to higher-priced cost-per-click ("CPC") syndicated advertisements. The consumer clicks on one of the higher-priced advertisements and the Company earns fees on the click-through (known as pay-per-click, or "PPC") from the merchant placing the advertisement. The Company nets the difference between the low price paid for the CPC advertisement on the search results page and the higher price it generates when the consumer clicks on an advertisement on the domain web page.

On January 22, 2007, the shareholders of the Company collectively sold all of the Company's common stock to Duncan Media Group, Inc. ("the Parent"), an unrelated party, for $5,000,000. Part of the purchase price ($3,500,000) was payable immediately in cash. The remaining $1,500,000 was payable in the form of notes payable by the Company to the former shareholders.

As a result of the purchase, the Company became a wholly-owned subsidiary of the Parent. In connection with the acquisition, the accounts of the Company were adjusted using the pushdown accounting method (which means the basis of the Company's assets and liabilities were changed to the basis used by the Parent). An allocation of the purchase price, based on the relative fair values, was recorded at January 22, 2007, as follows by the Parent:

Cash	$171,111
Accounts and other receivables	328,694
Other current assets	9,226
Property and equipment	46,723
Intangible assets (see Note 3)	2,980,332
Goodwill	1,543,129
Accounts payable and accrued expenses	(79,215)
Long-term debt assumed in the acquisition	(1,500,000)
Total	$3,500,000

Because the accounts of the Company are now recorded on the basis used by the Parent, prior year asset and liability balances have changed significantly. Also, these financial statements present the Company's operations from January 22, 2007 (the date of acquisition), to September 30, 2007.

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Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Superfly and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimated amounts.

Revenue Recognition

Revenue from advertisements is recognized as customer websites are visited through the Company's websites on a per click basis. Three customers represented 98% of revenue for the period ended September 30, 2007.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with original maturities of less than three months. Cash balances may occasionally exceed federal banking insurance limits.

Accounts Receivable

Accounts receivable are stated at their outstanding balances. Management reviews the collectibility of accounts receivable on a periodic basis and determines the appropriate amount of any allowance. No allowance was deemed necessary at September 30, 2007. The Company charges off receivables to an allowance (if any) when management determines that a receivable is not collectible. Accounts receivable are not collateralized.

Three customers accounted for 99% of accounts receivable at September 30, 2007.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Goodwill

As part of the purchase of Superfly described earlier, the Parent acquired $1,543,129 of goodwill. This amount has been "pushed down" to the Company's records as previously described. Management reviews goodwill at least annually for indicators of impairment, or more frequently upon occurrence of an event or when circumstances indicate the carrying value is greater than fair value. No impairment was considered necessary during the period ended September 30, 2007.

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Intangible Assets

Intangible assets other than goodwill are subject to amortization. Accordingly, they are stated at cost less accumulated amortization. Intangible assets are reviewed for potential impairment whenever events or circumstances occur that indicate the carrying amounts may not be recoverable (but at least annually). No impairment was considered necessary during the period ended September 30, 2007.

Income Taxes

Because the Company was purchased by the Parent, a "C" corporation for tax purposes, the Company will file a consolidated federal tax return with the Parent and records its share of the consolidated federal tax expense on a separate return basis.

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been recognized in the Company's financial statements or income tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax laws or rates. At September 30, 2007, the Company did not have any deferred tax assets or liabilities. No deferred tax assets have been recognized related to the amortization of intangible assets because tax benefits can be only recognized by the Parent upon liquidation or sale of its interest in the Company.

The 2007 income tax provision consists of:

Current provision	
Federal	$285,000
State	77,000
	$362,000

The primary reason income tax expense varies from the statutory rate is because the amortization discussed in Note 3 is not deductible for income tax purposes.

Advertising Costs

The Company incurs advertising costs to place customers' websites on the third-party informational websites. These advertising costs are expensed as incurred. The Company incurred $1,774,617 for the period ended September 30, 2007. One vendor represented 89% of advertising costs for the period ended September 30, 2007. Advertising costs are reported as cost of sales in the consolidated statement of operations because management believes these are direct costs of revenue.

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Note 2. Property and Equipment

Property and equipment consists of the following at September 30, 2007:

Office equipment	$49,342
Less accumulated depreciation	(5,677)
	$43,665

Depreciation of property and equipment totaled $5,677 for the period ended September 30, 2007.

Note 3. Intangible Assets

The Company provides for amortization as follows:

Assets	Cost	Accumulated Amortization as of September 30, 2007	Net Book Value	Estimated Useful Life	Method
Domain Names - Commodity Portion	$1,018,691	$(703,773)	$314,918	1 year	Straight-line
Domain Names - Long-life Portion	881,933	(87,042)	794,891	7 year	Straight-line
Non-compete agreements	1,079,708	(248,642)	831,066	3 year	Straight-line
	$2,980,332	$(1,039,457)	$1,940,875		

Amortization expense is as follows for each of the years ending September 30:

2008	$827,811
2009	485,893
2010	297,250
2011	125,990
2012	125,990

Amortization expense was $1,039,457 for the period ended September 30, 2007.

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Note 4. Long-Term Debt

The Company issued two long-term notes payable to finance the acquisition by the Parent. As described earlier, part of $5,000,000 purchase price ($3,500,000) was payable in cash. The remaining $1,500,000 was paid in the form of two notes payable to former stockholders ("the acquisition notes") that will be repaid by the Company. The acquisition notes are being repaid starting in March 2007 in equal monthly installments of a total of $41,667, plus interest at 7%, until maturity in February 2010. The notes must be repaid immediately in the event of change in control or initial public registration of the Company's or Parent's common stock with proceeds that exceed $20,000,000. Additionally, note installments are subject to deferral and adjustment. In any month during the term of the notes for which the Company does not reach a certain earnings amount, as defined, the installments shall not be paid in that month and the payment of principal and interest is deferred to the end of the term. Further, for any month the Company produces excess earnings, as defined, the installment payment will increase. The notes are secured by Company assets and are guaranteed by the Parent.

Required principal payments for the years ending September 30 are as follows:

2008	$500,000
2009	500,000
2010	249,999
	$1,249,999

The total interest expense paid on these notes from January 22, 2007, to September 30, 2007, amounted to $49,247. This amount was also total interest expense for the period. There was no unpaid interest as of September 30, 2007.

Note 5. Relationship with Hello Metro, Inc.

The Company's former majority shareholder prior to January 22, 2007, was also the sole shareholder of Hello Metro, Inc., a company with similar operations. The Company and Hello Metro, Inc. share office facilities under an operating lease for which Hello Metro, Inc. is the contractual tenant. The operating lease expires in October 2008. The Company reimburses Hello Metro, Inc. monthly for its share of the office space under a verbal agreement between the two parties. The future minimum payments required by the parties under this lease for the year ending September 30, 2008, was $51,996 (to be paid by Hello Metro, Inc.) of which the Company is to reimburse $6,000.

Rent expense amounted to $4,240 for the period from January 22, 2007 to September 30, 2007.

There were no other material transactions between these two companies. However, the relationship could result in the future operating results or financial position of the companies being significantly different from those that would be obtained if the companies were autonomous.

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Note 6. Employment Agreement

In December 2006, the Company entered into an employment agreement with a former shareholder/officer that expires in December 2008. As part of this agreement, the former shareholder may earn incentive bonuses based on a monthly calculation of earnings. The incentive bonus earned for the period ended September 30, 2007, was $28,777.

Note 7. Joint Venture Agreement

In June 2007, the Company entered into a Joint Venture Agreement with one of the former stockholders to use his local city guide websites for the purpose of internet traffic arbitrage. In exchange for the use of his websites, the Company pays a portion (40%) of the internet traffic arbitrage profits to him as a Domain Leasing Fee. Funds can be advanced to the venture, as well. As of September 30, 2007, the Company had a payable of $35,047 to the venture. Revenue earned and expenses incurred under this agreement are approximately $630,000 and $370,000 for the period from January 22, 2007, to September 30, 2007.

Note 8. Management Agreement with the Parent

The Company has a management agreement with the Parent in which the Parent provides administrative services to the Company. The Company paid a total of $319,000 for these services during the period from January 22, 2007, to September 30, 2007.

Note 9. Subsequent Event

In December 2007, the Joint Venture Agreement discussed in Note 7 was amended. The amendment changed the Domain Leasing Fee currently paid to the former stockholder to 10%. He will receive the remaining 30% of the profit in the form of an accelerated note payment on the acquisition notes described earlier. The other note holder will also automatically receive accelerated note payments.

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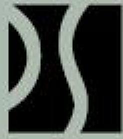

PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Duncan Media Group, Inc.
New York, New York

Our report on our review of the consolidated financial statements of Superfly Advertising, Inc. and Subsidiary as of September 30, 2007, and for the period from January 22, 2007, to September 30, 2007, appears on page 1. That review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States. The information included in the accompanying consolidated statements of operations for the nine-month periods ended September 30, 2007 and 2006, is presented only for supplementary analysis purposes. Such information has been subject to the inquiries and analytical procedures applied in the basic financial statements, and we are not aware of any material modifications that should be made thereto.

December 30, 2007

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(See Accountants' Review Report)
For the Nine-Month Period Ended September 30, 2007 and 2006

	2007	2006
Revenue	$3,625,350	$3,381,977
Cost of sales	2,153,850	1,444,946
Gross profit	1,471,500	1,937,031
Operating expenses		
Management fees	319,000	-
Selling, general, and administrative	194,439	111,408
Depreciation of property and equipment	5,989	4,389
Amortization of intangible assets	1,039,457	-
Total operating expenses	1,558,885	115,797
Income (loss) from operations	(87,385)	1,821,234
Other income (expense)		
Interest income	2,110	20
Interest expense	(49,247)	-
Other income	-	40,000
Total other income (expense)	(47,137)	40,020
Income (loss) before income tax expense	(134,522)	1,861,254
Income tax expense	(362,000)	-
Net income (loss)	**$(496,522)**	**$1,861,254**

See Note to Supplementary Information

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NOTE TO SUPPLEMENTARY INFORMATION
(Selected Disclosure - Basis of Presentation)

Note 1. Basis of Presentation

The supplementary information represents the consolidated statements of operations of Superfly Advertising, Inc. and Subsidiary (collectively, "the Company") for the nine-month periods ended September 30, 2007 and 2006. On January 22, 2007, the shareholders of the Company sold all of the Company's common stock to Duncan Media Group, Inc., an unrelated party. In connection with the acquisition, the accounts of the Company were adjusted using the pushdown accounting method (which means the basis of the Company's assets and liabilities were changed to the basis used by the Parent). In this supplemental information, the statement of operations for the period ended September 30, 2007, shows the results of operations as if the acquisition had taken place as of January 1, 2007. The period ended September 30, 2006, represents the Company's operations before the acquisition took place. Besides income tax (in 2007), the biggest difference resulting from the push-down accounting is the recognition of amortization of intangibles resulting from the acquisition.

Therefore, the supplementary information is for the entire nine-month period ended September 30, 2007 and 2006. Also, the Company was an "S" Corporation prior to the acquisition by Duncan Media Group, Inc., and the income tax expense is calculated based on the taxable income generated from the acquisition date to September 30, 2007.

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SUPERFLY ADVERTISING, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

SEPTEMBER 30, 2006

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CONTENTS

	Page
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEET	F-91
CONSOLIDATED STATEMENT OF OPERATIONS	F-92
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	F-93
CONSOLIDATED STATEMENT OF CASH FLOWS	F-94
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-95 - F-99

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
September 30, 2006

ASSETS	
Current Assets	
Cash and cash equivalents	$24,897
Accounts receivable	684,465
Prepaid expenses	885
Total current assets	710,247
Property and Equipment, net	23,596
Total assets	$733,843
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	$56,143
Accrued expenses	2,358
Total current liabilities	58,501
Shareholders' Equity	
Common stock (no par or stated value; authorized, issued, and outstanding 100 shares)	200
Additional paid-in capital	115,578
Retained earnings	559,564
Total shareholders' equity	675,342
Total liabilities and shareholders' equity	$733,843

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS
For the Nine-Month Period Ended September 30, 2006

Revenue	$3,381,977
Cost of sales	1,444,946
Gross profit	1,937,031
Operating expenses	
Selling, general, and administrative	111,408
Depreciation	4,389
Total operating expenses	115,797
Income from operations	1,821,234
Interest and other income	40,020
Net income	**$1,861,254**

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the Nine-Month Period Ended September 30, 2006

	Common Stock		Additional	Retained	Total Shareholders'
	Shares	Amount	Paid-In Capital	Earnings	Equity
Balances at December 31, 2005	100	$ 200	$ -	$ 249,864	$ 250,064
Contribution of shares of subsidiary			115,578		115,578
Net income				1,861,254	1,861,254
Distributions to shareholder				(1,551,554)	(1,551,554)
Balances at September 30, 2006	100	$ 200	$ 115,578	$ 559,564	$ 675,342

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine-Month period Ended September 30, 2006

Cash Flows From Operating Activities	
Net income	$1,861,254
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	4,389
Changes in operating assets and liabilities, net of effects of acquisition of subsidiary	
Accounts receivable	(315,500)
Prepaid expenses	(885)
Checks issued in excess of cash in bank	(4,618)
Accounts payable	35,302
Accrued expenses	(4,564)
Net cash provided by operating activities	1,575,378
Cash Flows From Investing Activities	
Purchases of property and equipment	(4,088)
Cash received on acquisition of subsidiary	5,161
Net cash provided by investing activities	1,073
Cash Flows From Financing Activity	
Distributions to shareholder	(1,551,554)
Net change in cash and cash equivalents	24,897
Cash and Cash Equivalents, beginning of period	-
Cash and Cash Equivalents, end of period	$24,897

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

The condensed consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statement prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company's management believes that the disclosures are adequate to make the information presented not misleading.

The interim prior information included in the report reflects all adjustments and other normal recurring adjustments, that are, in the opinion of the Company's management, necessary for a fair statement of the result of the respective interim periods. Results of operations for interim periods are not necessarily indicative of results expected for the entire year.

Nature of Operations

Superfly Advertising, Inc. ("Superfly"), along with its wholly-owned subsidiary, Treefrog Commerce, Inc. ("Treefrog") (collectively, "the Company"), was incorporated in Indiana in November 2004. The Company performs keyword searches, purchasing advertisements on various internet search engines. Consumers are directed to domain web pages the Company owns containing keyword-based links to higher-priced cost-per-click ("CPC") syndicated advertisements. The consumer clicks on one of the higher-priced advertisements and the Company earns fees on the click-through (known as pay-per-click, or "PPC") from the merchant placing the advertisement. The Company nets the difference between the low price paid for the CPC advertisement on the search results page and the higher price it generates when the consumer clicks on an advertisement on the domain web page.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Superfly and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimated amounts.

Revenue Recognition

Revenue from advertisements is recognized as customer websites are visited through the Company's websites on a per click basis. Almost all revenue is from three customers.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with original maturities of less than three months. Cash balances may occasionally exceed federal banking insurance limits.

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Accounts Receivable

Accounts receivable are stated at their outstanding balances. Management reviews the collectibility of accounts receivable on a periodic basis and determines the appropriate amount of any allowance. No allowance was deemed necessary at September 30, 2006. The Company charges off receivables to an allowance (if any) when management determines that a receivable is not collectible. Accounts receivable are not collateralized.

Two customers accounted for 91% of accounts receivable at September 30, 2006.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Income Taxes

The Company has elected to be taxed under Subchapter S of the Internal Revenue Code. As a result, income is taxed at the shareholder level.

Advertising Costs

The Company incurs advertising costs to place customers' websites on the third-party informational websites. These advertising costs are expensed as incurred. The Company incurred $1,444,946 in advertising costs for the period ended September 30, 2006. One vendor represented about one-third of advertising costs for the period ended September 30, 2006. Advertising costs are reported as cost of sales in the consolidated statement of operations because management believes these are direct costs of revenue.

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Note 2. Acquisition

In January 2006, Superfly acquired all of the outstanding stock of Treefrog, which was involved in the same business as Superfly. Prior to the acquisition, Superfly's two shareholders jointly held a one-third interest in Treefrog. The results of Treefrog's operations have been included in these consolidated financial statements since the acquisition date. The acquisition enabled Superfly to increase operations, which was consistent with Superfly's business plan. Superfly did not pay for the acquisition nor did it issue any additional shares of stock for Treefrog. Instead, Superfly's shareholders transferred a combined 20% of their shares in Superfly to the other two-thirds' shareholders of Treefrog. Since Superfly received all the shares of Treefrog by way of its shareholders giving up value, this value was deemed to be a contribution of capital. Moreover, since the transaction effectively involved entities under common control, the contribution of capital was recorded at carrying value. The following table summarizes the carrying value of Treefrog's assets acquired and liabilities assumed (there were no liabilities assumed) at date of acquisition:

Cash	$5,161
Accounts receivable	110,417
Net assets acquired	$115,578

The results of operations of Treefrog prior to the acquisition date have not been included in these consolidated financial statements because common control did not exist until the acquisition date. As the acquisition of Treefrog occurred in January 2006, and this financial statement is for the period from January 1, 2006, to September 30, 2006, unaudited proforma information is not presented.

Note 3. Property and Equipment

Property and equipment consists of the following at September 30, 2006:

Office equipment	$28,896
Less accumulated depreciation	(5,300)
	$23,596

Depreciation of property and equipment totaled $4,389 for the period ended September 30, 2006.

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Note 4. Relationship with Hello Metro, Inc.

The Company's majority shareholder during the period ended September 30, 2006, was also the sole shareholder of Hello Metro, Inc., a company with similar operations. The Company and Hello Metro, Inc. share office facilities under an operating lease for which Hello Metro, Inc. is the contractual tenant. The operating lease expires in October 2008. The Company reimburses Hello Metro, Inc. monthly for its share of the office space under a verbal agreement between the two parties. The future minimum payments required by the parties under this lease for the years ending September 30 are as follows:

	Total Lease Obligations	Reimbursement to Hello Metro
2007	$ 51,996	$ 6,000
2008	51,996	6,000
	$ 103,992	$ 12,000

Rent expense amounted to $400 for the period ended September 30, 2006.

There were no other material transactions between these two companies. However, the existence of common ownership could result in the future operating results or financial position of the companies being significantly different from those that would be obtained if the companies were autonomous.

Note 5. Subsequent Events

In December 2006, the Company entered into an employment agreement with an officer that expires in December 2008. As part of this agreement, the officer may earn incentive bonuses based on a monthly calculation of earnings.

In addition, the officer was advanced a signing bonus in December 2006 amounting to $36,666. The signing bonus is classified as a loan by the Company. On the last day of each calendar month, starting with December 2006, the Company will forgive $6,111 of the loan provided the officer remains employed by the Company.

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On January 22, 2007, the shareholders of the Company collectively sold all of the Company's common stock to Duncan Media Group, Inc. ("the Parent"), an unrelated party, for $5,000,000. As a result of the purchase, the Company became a wholly-owned subsidiary of the Parent. In connection with the acquisition, the accounts of the Company were adjusted using the push-down accounting method (which means the basis of the Company's assets and liabilities were changed to the basis used by the Parent).

Part of the purchase price ($3,500,000) was payable immediately in cash. The remaining $1,500,000 was paid in the form of two notes payable to former stockholders ("the acquisition notes") that will be repaid by the Company. The notes will be repaid starting in March 2007 in equal monthly installments, including interest at 7%, until maturity in February 2010. The notes must be repaid immediately in the event of change in control or initial public registration of the Company's or the Parent's common stock with proceeds that exceed $20,000,000. Additionally, note installments are subject to deferral and adjustment. In any month during the term of the notes for which the Company does not reach a certain earnings amount, as defined, the installments shall not be paid in that month and the payment of principal and interest is deferred to the end of the term. Further, for any month the Company produces excess earnings, as defined, the installment payment will increase. The notes are guaranteed by the Parent.

Because the Company was purchased by Duncan Media Group, Inc., a C corporation for tax purposes, the Company will file a consolidated federal tax return with the Parent and records its share of the consolidated federal tax expense on a separate return basis.

In June 2007, the Company entered into a Joint Venture Agreement with Clark Scott, one of the former stockholders, to use Scott's local city guide websites for the purpose of internet traffic arbitrage. In exchange for the use of Scott's websites, the Company will pay a portion (40%) of the internet traffic arbitrage profits to Scott as a Domain Leasing Fee. In addition, in December 2007, the Joint Venture Agreement was amended, changing the Domain Leasing Fee currently paid to Scott to 10%. Scott will receive the remaining 30% of the profit in the form of an accelerated note payment on the acquisition notes described earlier. The other note holder will also automatically receive accelerated note payments.

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SUPERFLY ADVERTISING, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2006 AND 2005

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CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	**F-102**
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	F-103
CONSOLIDATED STATEMENTS OF OPERATIONS	F-104
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	F-105
CONSOLIDATED STATEMENTS OF CASH FLOWS	F-106
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-107 - F-110

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PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Duncan Media Group, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Superfly Advertising, Inc. and Subsidiary as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Superfly Advertising, Inc. and Subsidiary as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN PLLC

October 29, 2007

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2006 and 2005

ASSETS	2006	2005
Current Assets		
Cash and cash equivalents	$162,258	$-
Accounts receivable	342,510	258,548
Receivable from officer	30,555	
Prepaid expenses	2,000	
Total current assets	537,323	258,548
Property and Equipment, net	47,035	23,897
Total assets	$584,358	$282,445
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Checks issued in excess of cash in bank	$-	$4,618
Accounts payable	84,346	20,841
Accrued expenses	24,981	6,922
Total current liabilities	109,327	32,381
Shareholders' Equity		
Common stock (no par or stated value; authorized, issued, and outstanding 100 shares)	200	200
Additional paid-in capital	115,578	
Retained earnings	359,253	249,864
Total shareholders' equity	475,031	250,064
Total liabilities and shareholders' equity	$584,358	$282,445

See Notes to Consolidated Financial Statements

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2006 and 2005

	2006	2005
Revenue	$4,755,989	$1,369,902
Cost of sales	2,183,331	601,909
Gross profit	2,572,658	767,993
Operating expenses		
Selling, general, and administrative	193,190	247,986
Depreciation	5,551	913
Total operating expenses	198,741	248,899
Income from operations	2,373,917	519,094
Interest and other income	40,026	4,282
Net income	**$2,413,943**	**$523,376**

See Notes to Consolidated Financial Statements

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2006 and 2005

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balances at December 31, 2004	100	$200	$-	$322,809	$323,009
Net income				523,376	523,376
Distributions to shareholders				(596,321)	(596,321)
Balances at December 31, 2005	100	200	-	249,864	250,064
Contribution of shares of subsidiary			115,578		115,578
Net income				2,413,943	2,413,943
Distributions to shareholder				(2,304,554)	(2,304,554)
Balances at December 31, 2006	100	$200	$115,578	$359,253	$475,031

See Notes to Consolidated Financial Statements

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SUPERFLY ADVERTISING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2006 and 2005

	2006	2005
Cash Flows From Operating Activities		
Net income	$2,413,943	$523,376
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	5,551	913
Amortization of receivable from officer	6,111	
Changes in operating assets and liabilities, net of effects of contribution of subsidiary		
Accounts receivable	26,455	(11,523)
Receivable from officer	(36,666)	
Prepaid expenses	(2,000)	
Checks issued in excess of cash in bank	(4,618)	4,618
Accounts payable	63,505	(19,362)
Accrued expenses	18,059	6,263
Net cash provided by operating activities	2,490,340	504,285
Cash Flows From Investing Activities		
Purchases of property and equipment	(28,689)	(18,089)
Cash received on contribution of subsidiary	5,161	
Net cash used in investing activities	(23,528)	(18,089)
Cash Flows From Financing Activity		
Distributions to shareholder	(2,304,554)	(596,321)
Net change in cash and cash equivalents	162,258	(110,125)
Cash and Cash Equivalents, beginning of year	-	110,125
Cash and Cash Equivalents, end of year	$162,258	$-

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

Superfly Advertising, Inc. ("Superfly"), along with its wholly-owned subsidiary, Treefrog Commerce, Inc. ("Treefrog") (collectively, "the Company"), was incorporated in Indiana in November 2004. The Company performs keyword searches, purchasing advertisements on various internet search engines. Consumers are directed to domain web pages the Company owns containing keyword-based links to higher-priced cost-per-click ("CPC") syndicated advertisements. The consumer clicks on one of the higher-priced advertisements and the Company earns fees on the click-through (known as pay-per-click) to the merchant placing the advertisement. The Company nets the difference between the low price paid for the CPC advertisement on the search results page and the higher price it generates when the consumer clicks on a PPC advertisement on the domain web page.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Superfly and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimated amounts.

Revenue Recognition

Revenue from advertisements is recognized as customer websites are visited through the Company's websites on a per-click basis. Three customers represented 98% of revenue for the year ended December 31, 2006. One customer represented 93% of revenue for the year ended December 31, 2005.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with original maturities of less than three months. Cash balances may occasionally exceed federal banking insurance limits.

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Accounts Receivable

Accounts receivable are stated at their outstanding balances. Management reviews the collectibility of accounts receivable on a periodic basis and determines the appropriate amount of any allowance. No allowance was deemed necessary at December 31, 2006 and 2005. The Company charges off receivables to an allowance (if any) when management determines that a receivable is not collectible. Accounts receivable are not collateralized.

Two customers accounted for 93% of accounts receivable at December 31, 2006. One customer accounted for 100% of accounts receivable at December 31, 2005.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to seven years.

Income Taxes

The Company has elected to be taxed under Subchapter S of the Internal Revenue Code. As a result, income is taxed at the shareholder level.

Advertising Costs

The Company incurs advertising costs to place customers' websites on the third-party informational websites. These advertising costs are expensed as incurred. The Company incurred $2,183,331 and $601,909 in advertising costs for the years ended December 31, 2006 and 2005, respectively. One vendor represented 32% of advertising costs for the year ended December 31, 2006. Two vendors represented 63% of advertising costs for the year ended December 31, 2005. Advertising costs are reported as cost of sales in the consolidated statement of operations since management believes these are direct costs of revenue.

Note 2. Acquisition

In January 2006, Superfly acquired all of the outstanding stock of Treefrog, which was involved in the same business as Superfly. Prior to the acquisition, Superfly's two shareholders jointly held a one-third interest in Treefrog. The results of Treefrog's operations have been included in these consolidated financial statements since the acquisition date. The acquisition enabled Superfly to increase operations, which was consistent with Superfly's business plan. Superfly did not pay for the acquisition nor did it issue any additional shares of stock for Treefrog. Instead, Superfly's shareholders transferred a combined 20% of their shares in Superfly to the other two-thirds' shareholders of Treefrog. Since Superfly received all the shares of Treefrog by way of its shareholders giving up value, this value was deemed to be a contribution of capital. Moreover, since the transaction effectively involved entities under common control, the contribution of capital was recorded at carrying value. The following table summarizes the carrying value of Treefrog's assets acquired and liabilities assumed (there were no liabilities assumed) at date of acquisition:

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Cash	$5,161
Accounts receivable	110,417
Net assets acquired	$115,578

The results of operations of Treefrog prior to the acquisition date have not been included in these consolidated financial statements since common control did not exist until the acquisition date. The following unaudited proforma information presents the results of operations of the Company for the year ended December 31, 2005, as if the acquisition had taken place on January 1, 2005. The proforma information is not necessarily indicative of the results that would have occurred had the acquisition taken place at the beginning of the period presented. Further, the proforma information is not necessarily indicative of future results.

Revenue	$1,640,527
Net income	$643,455

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31, 2006 and 2005:

	2006	2005
Office equipment	$53,496	$24,807
Less accumulated depreciation	(6,461)	(910)
	$47,035	$23,897

Depreciation of property and equipment totaled $5,551 and $913 for the years ended December 31, 2006 and 2005, respectively.

Note 4. Relationship with Hello Metro, Inc.

The Company's majority shareholder during the years ended December 31, 2006 and 2005, was also the sole shareholder of Hello Metro, Inc., a company with similar operations. The Company and Hello Metro, Inc. share office facilities under an operating lease for which Hello Metro, Inc. is the contractual tenant. The operating lease expires in October 2008. The Company reimburses Hello Metro, Inc. monthly for its share of the office space under a verbal agreement between the two parties. The future minimum payments required by the parties under this lease for the years ending December 31 are as follows:

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	Total Lease Obligations	Reimbursement to Hello Metro
2007	$51,996	$6,000
2008	43,330	5,000
	$95,326	$11,000

Rent expense amounted to $6,264 and $1,625 for the years ended December 31, 2006 and 2005, respectively.

There were no other material transactions between these two companies. However, the existence of common ownership could result in the future operating results or financial position of the companies being significantly different from those that would be obtained if the companies were autonomous.

Note 5. Employment Agreement

In December 2006, the Company entered into an employment agreement with an officer that expires in December 2008. As part of this agreement, the officer may earn incentive bonuses based on a monthly calculation of earnings. No incentive bonus was earned in 2006.

In addition, the officer was advanced a signing bonus in December 2006 amounting to $36,666. The signing bonus is classified as a loan by the Company. On the last day of each calendar month, starting with December 2006, the Company will forgive $6,111 of the loan provided the officer remains employed by the Company. The unamortized balance of this receivable at December 31, 2006, amounted to $30,555.

Note 6. Subsequent Events

On January 22, 2007, the shareholders of the Company collectively sold all of the Company's common stock to Duncan Media Group, Inc., an unrelated party, at a price of $5,000,000. Part of the purchase price ($3,500,000) was payable immediately in cash. The remaining $1,500,000 was paid in the form of two notes payable to former stockholders that will be repaid by the Company. The notes will be repaid starting in March 2007 in equal monthly installments, including interest at 7%, until maturity in February 2010. The notes must be repaid immediately in the event of change in control or initial public registration of the Company's or Duncan Media Group, Inc.'s common stock with proceeds that exceed $20,000,000. Additionally, note installments are subject to deferral and adjustment. In any month during the term of the notes for which the Company does not reach a certain earnings amount, as defined, the installments shall not be paid in that month and the payment of principal and interest is deferred to the end of the term. Further, for any month the Company produces excess earnings, as defined, the installment payment will increase. The notes are guaranteed by Duncan Media Group, Inc.

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Pro Forma Financial Statements

Introduction

On February 7, 2008 Morlex entered into: (i) an Agreement and Plan of Merger (the "RHI Merger Agreement") with RightSide Holdings, Inc. ("RightSide") and our wholly owned subsidiary RHI Merger Sub, Inc. ("RHI Merger Sub"), and (ii) an Agreement and Plan of Merger (the "DMG Merger Agreement", and together with the RHI Merger Agreement, the "Merger Agreements") with Duncan Media Group, Inc. ("Duncan") and our wholly owned subsidiary DMG Merger Sub, Inc. ("DMG Merger Sub"). Also, on February 14, 2008 (the "Closing Date") Morlex entered into a Stock Purchase Agreement (the "AAA Stock Purchase Agreement") with All Ad Acquisition, Inc., a Delaware corporation ("AAA"), and all of the shareholders of AAA as listed in the AAA Stock Purchase Agreement, whereby Morlex acquired all of the outstanding shares of common stock of AAA. AAA is a party to that certain Stock Purchase Agreement, dated November 14, 2007, among AAA, Iakona, Inc., a California corporation ("Iakona"), and Jason Kulpa (the "Ad Authority Stock Purchase Agreement") providing for the purchase and sale of all of the issued and outstanding capital stock of Ad Authority, Inc., a Delaware corporation ("Ad Authority"), to AAA. Other than the Ad Authority Stock Purchase Agreement, AAA has no assets or liabilities.

On the Closing Date, Morlex acquired RightSide and Duncan by closing the transactions contemplated by the Merger Agreements (collectively, the "Merger Transactions") and acquired AAA by closing the transactions contemplated by the AAA Stock Purchase Agreement (the "Acquisition Transaction" and, together with the Merger Transactions, the "Transactions"). In connection with the Transactions, the Company will pay a cash distribution shortly after the Closing Date of $.2929 per share to the holders of record of the common stock of Morlex, par value $.001 per share ("Company Common Stock"), as of February 11, 2008, for a total distribution of approximately $375,000 (the "Cash Distribution"). Shortly after the Closing Date, the Company will also distribute .2929 shares of Company Common Stock per share to the holders of record of Company Common Stock as of February 11, 2008, for a total distribution of approximately 375,000 shares of Company Common Stock (the "Stock Distribution" and, together with the Cash Distribution, the "Distribution").

Pursuant to the RHI Merger Agreement, on the Closing Date RHI Merger Sub, our wholly owned subsidiary, merged with and into RightSide, with RightSide being the surviving corporation (the "RHI Merger"). As a result of the RHI Merger, each share of common stock of RightSide, par value $.001 per share (the "RightSide Common Stock"), automatically converted into 0.4236 shares of Company Common Stock, or 8,548,655 shares of Company Common Stock in the aggregate. The outstanding shares of non-convertible preferred stock of RightSide, par value $.001 per share, were not affected by the RHI Merger and remain outstanding preferred stock of RightSide. Accordingly, we are not the sole stockholder of RightSide; however, we own all of the outstanding RightSide Common Stock (which is the only voting stock of RightSide).

Pursuant to the DMG Merger Agreement, on the Closing Date DMG Merger Sub, our wholly owned subsidiary, merged with and into Duncan, with Duncan being the surviving corporation (the "DMG Merger"). As a result of the DMG Merger, each share of common stock of Duncan, par value $.001 per share (the "Duncan Common Stock"), automatically converted into 0.5433 shares of Company Common Stock, or 5,642,171 shares of Company Common Stock in the aggregate. The outstanding shares of non-convertible preferred stock of Duncan, par value $.001 per share, were not affected by the DMG Merger and remain outstanding preferred stock of Duncan. Accordingly, we are not the sole stockholder of Duncan; however, we own all of the outstanding Duncan Common Stock (which is the only voting stock of Duncan). Duncan has no material assets or liabilities other than the stock of its wholly-owned subsidiary Superfly Advertising, Inc. ("Superfly").

On the Closing Date, we bought all of the outstanding stock of AAA from the stockholders of AAA pursuant to the AAA Stock Purchase Agreement in exchange for 4,200,000 shares of Company Common Stock. The only asset of AAA is the Ad Authority Stock Purchase Agreement and certain related agreements.

Following the consummation of the Transactions and the Distribution, a total of 20,045,985 shares of Company Common Stock was issued and outstanding. The portion of the outstanding Company Common Stock owned by each constituency involved in the Transactions is as follows:

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Constituency	Percentage Interest	
Former Owners of RightSide	42.66	%
Former Owners of DMG	28.15	%
Stockholders of AAA	20.95	%
Stockholders of Company before Transactions	8.25	%
Total	100.00	%

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The following tables set forth certain historical financial information of Morlex, Duncan and RightSide on an unaudited pro forma basis after giving effect to the merger of RightSide and the merger of Duncan, each a "reverse acquisition" (i.e., with RightSide as the acquiror of Morlex and Duncan for accounting purposes).

The accompanying unaudited pro forma combined condensed balance sheet assumes the Transactions took place on September 30, 2007. The unaudited pro forma combined condensed balance sheet combines the unaudited balance sheets of Morlex, RightSide and Duncan as of September 30, 2007. Morlex's fiscal year ended on December 31 and was a development stage company prior to the mergers of RightSide and Duncan.

For purposes of the pro forma information, RightSide's statement of operations for the year ended December 31, 2006 and nine months ended September 30, 2007 have been combined with Morlex's and Duncan's unaudited statement of operations for the twelve months ended December 31, 2006 and nine months ended September 30, 2007. The unaudited pro forma combined condensed statement of operations gives effect to the RightSide merger and the Duncan merger as if such mergers had occurred on January 1, 2006.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only and is not necessarily indicative of the future financial position or future results of operations of Morlex after the Transactions or of the financial position or results of operations of Morlex that would have actually occurred had the Transactions been effected as of the date described above.

The pro forma statements of operations do not reflect any effect of the contemplated operating efficiencies, cost savings and other benefits, anticipated by Morlex's management as a result of the RightSide and Duncan mergers.

The unaudited pro forma combined condensed financial information should be read in conjunction with the audited financial statements and related notes included within this document.

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UNAUDITED CONDENSED COMBINED PRO FORMA BALANCE SHEET
AS OF SEPTEMBER 30, 2007

	Morlex, Inc.	Duncan Media Group, Inc.	Rightside Holdings, Inc.	Pro Forma Adjustments	Notes	RSH/DMG Combined Consolidated Pro Forma Balances
ASSETS						
Current Assets						
Cash and cash equivalents	3,536	335,908	277,755	25,000	2	642,199
Card service reserves	-	-	37,168			37,168
Accounts receivable	-	450,380	54,701			505,081
Due from affiliates	-	39,032	-	(39,032)	1	-
Income tax receivable	-	157,690	82,387			240,077
Prepaid interest	-	-	212,500			212,500
Prepaid expenses	-	9,787	17,750			27,537
Other current assets	-	-	61,109			61,109
Total current assets	3,536	992,797	743,370			1,725,671
Property and equipment, net	-	53,448	398,158			451,606
Other Assets						
Goodwill	-	1,543,129	4,290,426			5,833,555
Intangible assets, net	-	1,940,875	1,023,623			2,964,498
Deposits	-	-	62,894			62,894
Total other assets	-	3,484,004	5,376,943			8,860,947
Total assets	**3,536**	**4,530,249**	**6,518,471**			**11,038,224**
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses	5,564	272,809	290,774	(39,032)	1	530,115
Interest payable	-	-	28,583			28,583
Due to related party	-	35,047				35,047
Deferred revenue	-	-	798,435			798,435
Dividends payable	-	-	200,833			200,833
Short-term notes payable, related parties	-	-	1,362,841			1,362,841
Current portion of long-term debt	-	500,000	635,887			1,135,887
Total current liabilities	5,564	807,856	3,317,353			4,091,741
Long-term debt, net of current portion	-	749,999	544,333			1,294,332
Total liabilities	5,564	1,557,855	3,861,686			5,386,073
Stockholders' equity						
Preferred Stock	-	4,150	5,720			9,870
Common Stock	1,280	10,300	20,012	18,766	3	80,670
				30,312	5	

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Additional paid-in capital	460,768	3,885,551	3,634,268	400,000	2	7,867,433
				(464,076)	4	
				(18,766)	3	
				(30,312)	5	
Retained deficit	(464,076)	(927,607)	(1,003,215)	(375,000)	2	(2,305,822)
				464,076	4	
Total stockholders' equity	(2,028)	2,972,394	2,656,785			5,652,151
Total liabiities and stockholders' equity	**3,536**	**4,530,249**	**6,518,471**			**11,038,224**

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PRO FORMA ADJUSTMENTS RELATED TO THE ACQUISITION

1. **to eliminate intercompany receivables/payables**

2. **to reflect equity input of $400,000 into the Company and the subsequent cash dividend of $375,000.**

3. **to reflect 18,765,825 new shares of common stock issued in the transaction related to the acquisitions of Rightside Holdings, Inc., Duncan Media Group, Inc. and All Ad Acquisition, Inc. Par value is $ 0.001. No cash consideration received. 18,765,825 shares consist of 8,546,655 shares issued to the shareholders of Rightside Holdings, 5,642,171 shares issued to the shareholders of Duncan Media Group, and 4,200,000 shares issued to the shareholders of All Ad Acquisistion, Inc.**

4. **to remove previous equity of Morlex to effect reverse merger of RSH; sum of Additional paid-in capital and retained deficit.**

5. **to eliminate common stock of merged subsidiaries.**

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UNAUDITED CONDENSED COMBINED PRO FORMA STATEMENT OF OPERATIONS
FOR THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2007

	Morlex, Inc.	Duncan Media Group, Inc.	Rightside Holdings, Inc.	Superfly, Inc. Preacq. 1/1/ to 1/22/07	21st Century Pub. Preacq. 1/1/ to 6/15/07		Pro Forma Adjustments	Notes	Pro Forma Combined Consolidated Pro Forma Balances
Revenues									
Newsletter revenues	-	-	2,052,931		617,135				2,670,066
Pay-per-click	-	3,333,748	-	291,603					3,625,351
Management services fees	-	235,000	-				(235,000)	2	-
Total revenues	-	3,568,748	2,052,931	291,603	617,135	-	(235,000)		6,295,417
Operating expenses									
Pay per click direct expenses	-	1,999,620	-	154,230					2,153,850
Newsletter direct expenses			918,168		209,915				1,128,083
General and administrative	-	2,167,567	1,210,695	15,820	223,471		(235,000)	2	3,382,553
Other	23,812	14,911	31,181	45	23,321				93,270
Total operating expenses	23,812	4,182,098	2,160,044	170,095	456,707	-	(235,000)		6,757,756
Income (loss) from operations	(23,812)	(613,350)	(107,113)	121,508	160,428	-	-		(462,339)
Other income(expense)									
Interest income	-	2,111	-						2,111
Interest expense	-	(54,941)	(139,396)						(194,337)
Total other income (expense)	-	(52,830)	(139,396)	-	-	-	-		(192,226)
Non-controlling interest in income of consolidated subsidiary	-	-	(203,369)						(203,369)
Income (loss) before taxes	**(23,812)**	**(666,180)**	**(449,878)**	**121,508**	**160,428**	**-**	**-**		**(857,934)**
Income tax provision	-	149,310	-	48,603	64,171			1	262,084
Net income (loss)	(23,812)	(815,490)	(449,878)	72,905	96,257	-	-		(1,120,018)
Income (loss) per common share	$ (0.02)							2	$ (0.06)
Weighted average common shares outstanding, Basic and Diluted	1,270,270	-	-	-	-	-	-		20,045,985

Notes to pro forma financial statements:

1. **Income tax provision has been added to the pro forma statements in cases where companies presented were not taxed as S Corps, using a tax rate of 40%.**

2. **Additional shares of 18,765,825 added to existing outstanding shares.**

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UNAUDITED CONDENSED COMBINED PRO FORMA STATEMENT OF OPERATIONS
FOR YEAR ENDING DECEMBER 31, 2006

	Morlex, Inc.	Duncan Media Group, Inc. 11/21 to 12/31/06	Rightside Holdings, Inc. 5/6 to 12/31/06	Superfly, Inc. Preacq. 1/1/ to 12/31/06	21st Century Pub. Preacq. 1/1/ to 12/31/06	Rightside Advisors, Inc. Preacq. 1/1/ to 6/09/06	Pro Forma Adjustments	Notes	Pro Forma Combined Consolidated Pro Forma Balances
Revenues									
Newsletter revenues	-	-	1,240,088		1,749,684	1,265,645			4,255,417
Pay-per-click	-	-	-	4,795,989					4,795,989
Management services fees	-	-	-				-		-
Total revenues	-	-	1,240,088	4,795,989	1,749,684	1,265,645	-		9,051,406
Operating expenses									
Pay per click				2,183,331					2,183,331
Newsletter direct expenses	-	-	649,918		513,334	362,584			1,525,836
General and administrative	-	35,000	771,582	191,397	1,140,093	709,784			2,847,856
Other	24,419	77,172	23,342	7,342	134,263	28,497			295,035
Total operating expenses	24,419	112,172	1,444,842	2,382,070	1,787,690	1,100,865	-		6,852,058
Income (loss) from operations	(24,419)	(112,172)	(204,754)	2,413,919	(38,006)	164,780	-		2,199,348
Other income (expense)									
Interest income	-	108	-	24	-				132
Interest expense	-	(52)	(55,032)	-	-				(55,084)
Total other income (expense)	-	56	(55,032)	24	-	-	-		(54,952)
Non-controlling interest in income of consolidated subsidiary	-	-	-			(206,137)			(206,137)
Income (loss) before taxes	**(24,419)**	**(112,116)**	**(259,786)**	**2,413,943**	**(38,006)**	**(41,357)**	**-**		**1,938,259**
Income tax provision	-	-	92,718	965,577	(15,202)			1	1,043,093
Net loss	$ (24,419)	$ (112,116)	$ (352,504)	$ 1,448,366	$ (22,804)	$ (41,357)	$ -		$ 895,166
Income (loss) per common share	$ (0.03)								$ 0.04
Weighted average common shares outstanding, Basic and Diluted	942,461	-	-	-	-	-	-	2	20,045,985

PRO FORMA ADJUSTMENTS RELATED TO THE ACQUISITION

1. **Income tax provision has been added to the pro forma statements in cases where companies presented were not taxed as S Corps, using a tax rate of 40%.**

2. **Additional shares of 18,765,825 added to existing outstanding shares.**

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Exhibit 2.3

STOCK PURCHASE AGREEMENT

by and between

MORLEX, INC.,

ALL AD ACQUISITION, INC.,

and

the SHAREHOLDERS OF

ALL AD ACQUISITION, INC.

LISTED ON THE SIGNATURE PAGES HERETO

Dated as of February 14, 2008

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TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS

Section 1.1. Definitions.
Section 1.2. Other Definitions.

ARTICLE II TRANSFER OF THE SHARES; CLOSING

Section 2.1. Transfer of the Seller Shares.
Section 2.2. Closing.
Section 2.3. Proceedings at Closing.
Section 2.4. Closing Deliveries.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Section 3.1. Organization and Qualification
Section 3.2. Authorization.
Section 3.3. Absence of Restrictions and Conflicts.
Section 3.4. Title to the Seller Shares.
Section 3.5. Brokers, Finders and Investment Bankers.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Section 4.1. Organization and Qualification
Section 4.2. Corporate Authority
Section 4.3. Absence of Restrictions and Conflicts.
Section 4.4. Capitalization.
Section 4.5. Business Activity of Company
Section 4.6. Brokers, Finders and Investment Bankers.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Section 5.1. Organization and Qualification.
Section 5.2. Capitalization
Section 5.3. Issuance of the Shares
Section 5.4. Authority Relative to this Agreement.
Section 5.5. No Conflicts, Required Filings and Consents
Section 5.6. SEC Reports
Section 5.7. Scope of Operations; Compliance with Laws
Section 5.8. Liabilities and Contracts
Section 5.9. Litigation
Section 5.10. Brokers
Section 5.11. Assets
Section 5.12. Restrictions on Business Activity of Purchaser
Section 5.13. Absence of Certain Changes and Events.

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ARTICLE VI CERTAIN COVENANTS AND AGREEMENTS

Section 6.1. Further Assurances.
Section 6.2. Transfer Taxes.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.1. Notices.
Section 7.2. Schedules and Exhibits.
Section 7.3. Assignment; Successors in Interest.
Section 7.4. Number; Gender.
Section 7.5. Captions.
Section 7.6. Controlling Law; Amendment.
Section 7.7. Consent to Jurisdiction, Etc.
Section 7.8. WAIVER OF JURY TRIAL.
Section 7.9. Severability.
Section 7.10. Counterparts.
Section 7.11. Enforcement of Certain Rights.
Section 7.12. Waiver.
Section 7.13. Integration.
Section 7.14. Transaction Costs.
Section 7.15. Interpretation; Constructions.

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LIST OF SCHEDULES

Schedule A Seller Shares

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of February 14, 2008, is made and entered into by and between Morlex, Inc., a Colorado corporation (the "Purchaser"), All Ad Acquisition, Inc., a Delaware corporation (the "Company") and each shareholder of the Company listed on the signature pages hereto (each a "Seller" and collectively the "Sellers"). The Purchaser, the Company and the Sellers are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, the Sellers own all of the issued and outstanding capital stock of the Company, consisting of 100 shares of common stock, without par value (the "Company Common Stock").

WHEREAS, Purchaser desires to purchase, and the Sellers desire to sell, all of the issued and outstanding shares of the Company Common Stock (the "Seller Shares") in exchange for shares of Purchaser's common stock, par value $.001 per share (the "Purchaser Common Stock"), all subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions.

(a) The following terms, as used herein, have the following meanings:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Business Day" means any day except Saturday, Sunday or any day on which banks are not required to be open for business in New York, New York.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Organizational Documents" means the articles of incorporation and by-laws of the Company, each as amended to date.

"Contract" means any written or oral agreement, permit, loan or credit agreement, note, bond, mortgage, indenture, lease, sublease, purchase order or other agreement, instrument, concession, franchise or license.

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"Encumbrances" means and includes security interests, mortgages, liens, pledges, charges, easements, reservations, restrictions, clouds, servitudes, rights of way, options, rights of first refusal, community property interests, equitable interests, restrictions of any kind, conditional sale or other title retention agreements, any agreement to provide any of the foregoing and all other encumbrances, whether or not relating to the extension of credit or the borrowing of money, whether imposed by Contract, Law, equity or otherwise.

"Equity Interests" means any capital stock, partnership or limited liability company interest or other equity or voting interest or any security or evidence of indebtedness convertible into or exchangeable for any capital stock, partnership or limited liability company interest or other equity interest, or any right, warrant or option to acquire any of the foregoing.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Agent" means a nationally-recognized institution engaged by Purchaser to act as exchange agent in connection with the Transactions.

"Governmental Authorization" shall mean any approval, franchise, certificate of authority, order, consent, judgment, decree, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Entity or pursuant to any Law.

"Governmental Entity" means any federal, state or local or foreign government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign.

"Law" means any law (both common and statutory law and civil and criminal law), treaty, convention, rule, directive, legislation, ordinance, regulatory code (including, without limitation, statutory instruments, guidance notes, circulars, directives, decisions, rules and regulations) or similar provision having the force of law or an order of any Governmental Entity or any self regulatory organization.

"Liability" means any liability or obligation (including as related to Taxes), whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

"Material Adverse Effect" with respect to any Person, means any state of facts, change, event, effect or occurrence (whether or not constituting a breach of a representation, warranty or covenant set forth in this Agreement) that, individually or in the aggregate, is or may be reasonably likely to be materially adverse to such Person's near-term or long-term projected business, financial condition, results of operations, prospects, properties, assets or Liabilities (including, without limitation, contingent Liabilities). A Material Adverse Effect shall also include any state of facts, change, event or occurrence that shall have occurred or been threatened that (when taken together with all other adverse state of facts, changes, events, effects or occurrences that have occurred or been threatened) is or would be reasonably likely to prevent or materially delay the performance by the Seller of any of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

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"Ordinary Course of Business" means the ordinary and usual course of business in a manner consistent with past practice.

"OTCBB" means the Over-the-Counter Bulletin Board.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Purchaser Organizational Documents" means the articles of incorporation and by-laws of the Purchaser, each as amended to date.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal Law, and the rules and regulations promulgated thereunder, all as the same may from time to time be in effect.

"Seller Organizational Documents" means the applicable formation and governing documents of such Seller, including certificates of formation or incorporation, by-laws, limited liability company operating agreements, partnership agreements or similar documents, as amended to date.

"Taxes" means all taxes, assessments, charges, duties, fees, levies or other governmental charges (including interest, penalties or additions associated therewith), including income, franchise, capital stock, real property, personal property, tangible, withholding, employment, payroll, social security, social contribution, unemployment compensation, disability, transfer, sales, use, excise, gross receipts, value-added and all other taxes of any kind imposed by any Governmental Entity, whether disputed or not, and any charges, interest or penalties imposed by any Governmental Entity.

"Transactions" shall mean the transactions contemplated pursuant to this Agreement.

Section 1.2. Other Definitions.

Each of the following terms is defined in the Section set forth opposite such term:

Terms	Section
Agreement	Preamble and 8.15(a)
Closing	2.2
Closing Date	2.2
Company	Preamble
Company Common Stock	Recitals
Exchange Ratio	2.1(b)
Parties	Preamble
Party	Preamble
Purchaser	Preamble
Purchaser Common Stock	4.2
Purchase Price	2.1(b)
Purchaser SEC Reports	4.6
Seller	Preamble
Seller Shares	Recitals
Transfer Taxes	5.4

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ARTICLE II
TRANSFER OF THE SHARES; CLOSING

Section 2.1. Transfer of the Seller Shares.

(a) Transfer of Seller Shares. In accordance with, and subject to the terms and conditions of this Agreement, at the Closing, each Seller shall contribute, transfer and deliver to the Purchaser, and Purchaser shall purchase and accept from each Seller, all of the Seller Shares held by such Seller, as set forth in Schedule A hereto, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price for all Seller Shares held by such Seller.

(b) Transfer Consideration. Each Seller Share shall be exchanged for the right to receive 100,000 (the "Exchange Ratio") fully paid and nonassessable shares of Purchaser Common Stock which, in addition to any cash in lieu of any fractional interests pursuant to Section 2.1(c), shall constitute the purchase price with respect to each Seller Share (the "Purchase Price"). As of the Closing Date, the Seller Shares shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each stockholder of any such Seller Shares shall cease to have any rights with respect thereto, except the right to receive the Purchase Price. In no event shall interest be paid or accrued on the Purchase Price.

(c) Fractional Shares. No certificates representing fractional shares of Purchaser Common Stock shall be issued in connection with the Closing, and such fractional shares shall not entitle the owner thereof to any rights of a stockholder of the Purchaser. In lieu of any such fractional shares, each holder of Seller Shares exchanged pursuant to Section 2.1(b) who would otherwise have been entitled to receive a fraction of a share of Purchaser Common Stock (after taking into account all Seller Shares then held by such holder) shall receive cash (without interest) in an amount equal to the product of such fractional part of a share of Purchaser Common Stock multiplied by the average of the closing prices of the Purchaser Common Stock on the OTCBB as reported on the OTCBB for the 10 consecutive trading days ending on the second trading day prior to the Closing Date, or, in the event that there has been no trading of the Purchaser Common Stock during such 10-day period, the last available closing price of the Purchaser Common Stock on the OTCBB.

Section 2.2. Closing.

The closing of the transactions contemplated by this Agreement (the "Closing"), unless another date or place is agreed to by the parties, shall take place at the offices of Nixon Peabody LLP, 437 Madison Avenue, New York, New York 10022 on the date hereof (the "Closing Date").

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Section 2.3. Proceedings at Closing.

(a) All proceedings to be taken and all documents to be executed and delivered by all Parties at the Closing shall be deemed to have been taken and executed simultaneously, and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

(b) Exchange Agent. At or promptly following the Closing, the Purchaser shall deposit with the Exchange Agent, in trust for the benefit of the holders of shares of the Company Common Stock immediately prior to the Closing, certificates representing the shares of Purchaser Common Stock issuable pursuant to Section 2.1(b). In addition, the Purchaser shall make available by depositing with the Exchange Agent, as necessary from time to time after the Closing, cash in an amount sufficient to make the payments in lieu of fractional shares pursuant to Section 2.1(c) and any distributions to which holders of shares of the Company Common Stock may be entitled pursuant to Section 2.3(d). All cash and Purchaser Common Stock deposited with the Exchange Agent shall hereinafter be referred to as the "Exchange Fund."

(c) At or after the Closing, each holder of a certificate representing the Company Common Stock (the "Certificates") shall surrender and deliver such Certificate to the Exchange Agent together with a duly completed and executed transmittal letter. Upon such surrender and delivery, the holder shall receive the Purchase Price. Until so surrendered and exchanged, each Certificate formerly representing an outstanding share of Company Common Stock shall, after the Closing, be deemed for all purposes to evidence only the right to receive the Purchase Price.

(d) At the Closing, the stock transfer books of the Company shall be closed and no transfer of shares of Company Common Stock shall be recorded thereafter, other than transfers of shares of Company Common Stock that have occurred prior to the Closing Date. In the event that, after the Closing, Certificates are presented for transfer to the Company or the Purchaser, they shall be delivered to the Exchange Agent and exchanged for the Purchase Price as provided for in this Section 2.3.

(e) Any Purchase Price that remains undistributed to the stockholders of the Company as of the Closing Date after four months have elapsed following the Closing Date shall be delivered to the Purchaser by the Exchange Agent, upon demand, and any former stockholders of the Company who have not previously complied with this Section 2.3 shall thereafter look only to the Purchaser for payment of their claim for the Purchase Price or distributions with respect to the Purchaser Common Stock.

(f) Neither the Exchange Agent, nor any of the Company or the Purchaser shall be liable to any holder of shares of Company Common Stock with respect to any Purchase Price (or distributions with respect to the Purchaser Common Stock) delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) In the event any Certificates shall have been lost, stolen or destroyed, the Exchange Agent shall deliver the Purchase Price and any distributions with respect to the Purchaser Common Stock to which such holder is entitled in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the record holder thereof and the delivery of such bond as the Exchange Agent may reasonably require.

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Section 2.4. Closing Deliveries.

(a) At the Closing, the Seller shall deliver the following items to the Purchaser, each in form and substance reasonably satisfactory to the Purchaser:

(i) a certificate of the Seller, dated as of the Closing Date, certifying that the Seller is not a foreign person within the meaning of Section 1445 of the Code; *provided*, that the failure to deliver such certificate shall entitle the Purchaser to reduce the Purchase Price payable to the Seller by any required withholding Taxes as a consequence of the failure to deliver such certificate;

(ii) those consents and approvals, in form and substance satisfactory to the Purchaser and its counsel, that are required for consummation of the transactions contemplated by this Agreement; and

(iii) copies of all filings made by the Seller with Governmental Entities in connection with the consummation of the transactions contemplated by this Agreement.

(b) At the Closing, the Purchaser shall deliver the following items to the Seller:

(i) a certificate of an officer of the Purchaser, dated as of the Closing Date, certifying (A) the Purchaser Organizational Documents; (B) the incumbency of each officer executing this Agreement and any other agreement, document or instrument contemplated hereby; and (C) the resolutions of Purchaser's board of directors approving this Agreement and all other agreements and documents contemplated hereby; and

(ii) certificate of the Secretary of State of the State of Colorado, dated as of a date not more than five (5) days prior to the Closing Date, certifying as to the good standing of the Purchaser.

(c) At the Closing, the Company shall deliver the following items to the Purchaser:

(i) a certificate of an officer of the Company, dated as of the Closing Date, certifying (A) the Company Organizational Documents; (B) the incumbency of each officer executing this Agreement and any other agreement, document or instrument contemplated hereby; and (C) the resolutions of Company's board of directors approving this Agreement and all other agreements and documents contemplated hereby; and

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(ii) certificate of the Secretary of State of the State of Delaware, dated as of a date not more than five (5) days prior to the Closing Date, certifying as to the good standing of the Company.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller, severally as to itself or him or herself, and not jointly, hereby represents and warrants to the Purchaser as follows:

Section 3.1. Organization and Qualification

(a) Such Seller that is not an individual is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to conduct its business as it is now being conducted, to own or use the properties or assets that it purports to own or use, and to perform all of its obligations under all Contracts. Subject to Schedule 3.1(a), such Seller that is not an individual is duly qualified or licensed to do business as a foreign entity and is in good standing as a foreign entity in each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such licensing, qualification or good standing, except for any failure to so license, qualify or be in such good standing, which, when taken together with all other such failures, has not had, does not have and could not reasonably be expected to have a Material Adverse Effect on such Seller.

(b) Such Seller that is not an individual, as applicable, has made available or delivered to the Purchaser a true and complete copy of the Seller Organizational Documents. The Seller Organizational Documents so delivered are in full force and effect.

Section 3.2. Authorization.

Such Seller has full power and authority to execute and deliver this Agreement, to perform its, his or her obligations under this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by such Seller, the performance by such Seller of its, his or her obligations under this Agreement and the consummation of the transactions provided for in this Agreement have been duly and validly authorized by all necessary action on the part of such Seller that is not an individual. This Agreement has been duly executed and delivered by such Seller and constitutes the valid and binding agreement of such Seller, enforceable against such Seller in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 3.3. Absence of Restrictions and Conflicts.

The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated by this Agreement and the fulfillment of and compliance with the terms and conditions of this Agreement do not with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, or otherwise require any action, approval, order, authorization, registration, declaration or filing with respect to (a) any of the Seller Organizational Documents or any resolution of such Seller adopted by the Board of Directors or shareholders of such Seller, where applicable, (b) any Contract to which such Seller is a party, (c) any judgment, decree or order of any Governmental Entity to which such Seller is a party or by which the Seller or any of its properties is bound or (d) any permit or Law of any Governmental Entity or public or regulatory unit, agency or authority applicable to such Seller, that in any case would be reasonably likely to prevent or materially delay the performance by such Seller of any of its obligations under this Agreement or the consummation of any of the transactions contemplated hereby.

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Section 3.4. Title to the Seller Shares.

Such Seller is the lawful owner, both of record and beneficially, of the Seller Shares set forth opposite such Seller's name on Schedule A hereto, and has good, valid and marketable title to such Seller Shares, free and clear of any Encumbrances and with no restriction on the voting rights and other incidents of record and beneficial ownership pertaining thereto. Such Seller is not the subject of any bankruptcy, reorganization or similar proceeding. Except for this Agreement, there are no outstanding Contracts or understandings between such Seller and any other Person with respect to the acquisition, disposition, transfer, registration or voting of or any other matters in any way pertaining or relating to, or any other restrictions on any of the Seller Shares held by such Seller. The Seller acquired the Seller Shares in one or more transactions exempt from registration under the Securities Act and state securities and "blue sky" laws.

Section 3.5. Brokers, Finders and Investment Bankers.

Such Seller has not employed any broker, finder or investment banker or incurred any Liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated by this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Section 4.1. Organization and Qualification

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties or assets that it purports to own or use, and to perform all of its obligations under all Contracts. The Company is duly qualified or licensed to do business as a foreign corporation and is in good standing as a foreign corporation in each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such licensing, qualification or good standing, except for any failure to so license, qualify or be in such good standing, which, when taken together with all other such failures, has not had, does not have and could not reasonably be expected to have a Material Adverse Effect on the Company.

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(b) The Company has made available or delivered to the Purchaser a true and complete copy of the Company Organizational Documents. The Company Organizational Documents so delivered are in full force and effect.

(c) The Company has no Subsidiaries and does not own any Equity Interests in any Person.

Section 4.2. Corporate Authority.

The Company has the full legal right, requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform fully, its obligations under this Agreement and to allow it to consummate the transactions contemplated hereby. The execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly authorized and approved by the Board of Directors of the Company, and no other corporate proceeding with respect to the Company is necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and constitutes valid and binding agreements of the Company, enforceable against the Company in accordance with its terms.

Section 4.3. Absence of Restrictions and Conflicts.

The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated by this Agreement and the fulfillment of and compliance with the terms and conditions of this Agreement do not with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, or otherwise require any action, approval, order, authorization, registration, declaration or filing with respect to (a) any of the Company Organizational Documents or any resolution of the Company adopted by the Board of Directors or shareholders of the Company, (b) any Contract to which the Company is a party, (c) any judgment, decree or order of any Governmental Entity to which the Company is a party or by which the Company or any of its properties is bound or (d) any permit or Law of any Governmental Entity or public or regulatory unit, agency or authority applicable to the Company, that in any case would be reasonably likely to prevent or materially delay the performance by the Company of any of its obligations under this Agreement or the consummation of any of the transactions contemplated hereby.

Section 4.4. Capitalization.

(a) The authorized capital stock of the Company consists of 100 shares of common stock, no par value per share, 42 of which are issued and outstanding and owned by the Sellers as set forth on Schedule A. There are no securities outstanding which are convertible into, exchangeable for, or carrying the right to acquire, Equity Interests of the Company or subscriptions, warrants, options, calls, puts, convertible securities, registration or other rights, arrangements or commitments obligating the Company to issue, sell, register, purchase or redeem any of its Equity Interests or any ownership interest or rights therein. There are no voting trusts or other agreements or understandings to which the Company is bound with respect to the voting of any Equity Interests of the Company. There are no stock appreciation rights, phantom stock rights or similar rights or arrangements outstanding with respect to the Company, and no derivative instruments issued by the Company, the underlying security of which is an Equity Interest of the Company.

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(b) Except as specifically contemplated by this Agreement, there are no Contracts, commitments, arrangements, understandings or restrictions to which the Company is bound relating in any way to any Equity Interest of the Company, including any rights of first refusal and any rights of first offer or any voting arrangements.

(c) All Equity Interests issued by the Company have been issued in transactions exempt from registration under the Securities Act and the rules and regulations promulgated thereunder and all applicable state securities or "blue sky" laws, and the Company has not violated the Securities Act or any applicable state securities or "blue sky" laws in connection with the issuance of any such Equity Interests.

Section 4.5. Business Activity of Company

The Company was formed for the purpose of acquiring Ad Authority, Inc. The Company has no operations, assets or Liabilities, and is not a party to any Contracts other than in each case the Stock Purchase Agreement, dated as of November 14, 2007, among Iakona, Inc., Jason Kulpa, the Company and Duncan Capital Partners LLC and the Employment Agreement between Jason Kulpa and the Company.

Section 4.6. Brokers, Finders and Investment Bankers.

The Company has not employed any broker, finder or investment banker or incurred any Liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated by this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Sellers as follows:

Section 5.1. Organization and Qualification.

(a) The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado. The Purchaser has the requisite corporate power and authority to carry on its business as it is now being conducted and is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except for any failure to so license, qualify or be in such good standing, which, when taken together with all other such failures, has not had, does not have and could not reasonably be expected to have a Material Adverse Effect on the Purchaser.

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(b) The Purchaser has made available or delivered to the Company a true and complete copy of the Purchaser Organizational Documents. The Purchaser Organizational Documents so delivered are in full force and effect.

Section 5.2. Capitalization.

The authorized capital stock of the Purchaser consists of 1,000,000,000 shares of common stock, par value $.001 per share ("Purchaser Common Stock"). As of the date of this Agreement, the Purchaser has 1,501,765 shares of Purchaser Common Stock issued and 1,280,160 shares of Purchaser Common Stock outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable. As of the Closing Date, there will be no more than 1,280,160 shares of Purchaser Common Stock issued and outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable. Purchaser Common Stock is presently eligible for quotation and trading on the OTCBB in all 50 states of the United States and is not subject to any notice of suspension or delisting. Purchaser Common Stock is eligible for registration under the Exchange Act. All of the issued and outstanding shares of Purchaser Common Stock were issued in compliance with all applicable Laws including, without limitation, the Securities Act, the Exchange Act and applicable "blue sky" laws. There are no preemptive or other outstanding rights, options, warrants, conversion rights (including pursuant to convertible securities), stock appreciation rights, redemption rights, repurchase rights, registration rights, agreements, arrangements, calls, commitments or rights of any kind relating to the issued or unissued capital stock of the Purchaser or obligating the Purchaser to issue or sell any shares of capital stock of, or other equity interests in, the Purchaser. As of the date of this Agreement, there are no outstanding contractual obligations of the Purchaser to repurchase, redeem or otherwise acquire any shares of capital stock of the Purchaser or to provide material funds to, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Person.

Section 5.3. Issuance of the Shares.

The shares of Purchaser Common Stock are duly authorized and, when issued and paid for in accordance with the transactions contemplated hereby, will be duly and validly issued, fully paid and nonassessable, free and clear of all Encumbrances. Upon the delivery by the Purchaser of such shares to the Exchange Agent, such shares will be duly and validly issued and the persons in whose names such shares are registered will be entitled to the rights of the registered holders specified hereunder and under the documents contemplated hereby.

Section 5.4. Authority Relative to this Agreement.

The Purchaser has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions to which it is a party. The execution and delivery of this Agreement by the Purchaser, and the consummation by the Purchaser of the Transactions have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of the Purchaser are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated pursuant to this Agreement. This Agreement has been duly and validly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery hereof by the Seller, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

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Section 5.5. No Conflicts, Required Filings and Consents.

(a) The execution and delivery of this Agreement by the Purchaser does not and will not, and the performance of this Agreement and the consummation of the Transactions by Purchaser will not: (i) conflict with or violate the articles of incorporation or by-laws of the Purchaser (ii) assuming the consents, approvals, authorizations and waivers specified in Section 5.5(b) have been received, conflict with or violate any Laws applicable to the Purchaser or by which any property or asset of the Purchaser is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration, or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of the Purchaser pursuant to, any Contract to which the Purchaser is a party or by which the Purchaser or any property or asset of the Purchaser is bound or affected.

(b) The execution and delivery of this Agreement by the Purchaser does not and will not, and the performance of this Agreement and the consummation of the Transactions by the Purchaser will not, require any consent, approval, authorization, waiver or permit of, or filing with or notification to, any Governmental Entity, except for applicable requirements of the Exchange Act, the Securities Act, and "blue sky" laws.

Section 5.6. SEC Reports.

The Purchaser has filed with the SEC all forms, reports, schedules, registration statements and preliminary or definitive proxy or information statements required to be filed by it with the SEC since December 31, 2005 (such reports, the "Purchaser SEC Reports"). As of their respective dates, the Purchaser SEC Reports complied as to form in all material respects with the requirements of the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Purchaser SEC Reports. As of their respective dates of filing, all SEC Reports filed by the Purchaser at any time did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Purchaser has filed all material contracts and agreements and other documents or instruments required to be filed as exhibits to the Purchaser SEC Reports.

Section 5.7. Scope of Operations; Compliance with Laws.

.

(a) The Purchaser SEC Reports describe fairly and accurately all operations and material transactions engaged in or conducted by the Purchaser since its inception. Except as described in the Purchaser SEC Reports, Purchaser does not own, lease or have the right to use, and has never owned, leased or had the right to use, any real property or interest therein. The Purchaser does not have and has never had any ownership, equity or other interest in any other Person. The Purchaser has not guaranteed any obligation of any other Person. The Purchaser has no employees.

(b) Except as set forth in Schedule 5.7(b):

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(i) The Purchaser is in compliance in all material respects with each Law that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets;

(ii) no event has occurred or circumstance exists that could reasonably be expected to (with or without the giving of notice or the lapse of time or both) constitute or result, directly or indirectly, in a violation by the Purchaser of, or a failure on the part of the Purchaser to comply in all material respects with, any Law; and

(iii) the Purchaser has not received, at any time, any notice or other communication (whether oral or written) from any Governmental Entity or any other Person regarding any actual, alleged, possible, or potential violation of or failure on the part of the Purchaser to comply in all material respects with, any Law.

(c) The Purchaser holds and maintains in full force and effect all material Governmental Authorizations required to conduct its business in the manner and in all such jurisdictions as it is currently conducted and to permit it to own and use its properties and assets in the manner in which it currently owns and uses such assets.

Section 5.8. Liabilities and Contracts.

The Purchaser does not have outstanding any liability or obligation of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) except as set forth in the Purchaser SEC Reports. The Purchaser is not and has not been a party to, nor are or were the Purchaser's assets bound or affected by, any Contract except for Contracts under which the Purchaser has no further rights or obligations because the Contract has been fully performed or validly and irrevocably terminated.

Section 5.9. Litigation.

There is no suit, action or proceeding pending, threatened against or affecting the Purchaser, nor is there any judgment, decree, injunction or order of any Governmental Entity or arbitrator outstanding against the Purchaser.

Section 5.10. Brokers.

No agent, broker, finder, investment banker or other firm or Person is or will be entitled to any broker's or finder's fee or other similar commission or fee in connection with the Transactions based upon arrangements made by or on behalf of the Purchaser.

Section 5.11. Assets.

As of the date hereof no asset of the Purchaser (tangible or intangible) is subject to any Encumbrance.

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Section 5.12. Restrictions on Business Activity of Purchaser.

As of the date hereof, there are no restrictions on the Purchaser's business activities.

Section 5.13. Absence of Certain Changes and Events.

Except as set forth in the Purchaser SEC Filings, since December 31, 2006 through and including the date of this Agreement, the Purchaser has conducted its business only in, and has not engaged in any transaction other than according to, the Ordinary Course of Business, and there has not been any:

(a) change in the business, operations, properties, prospects, assets, or condition of the Purchaser that has had, does have or could reasonably be expected to have a Material Adverse Effect on the Company;

(b) (i) change in the authorized or issued capital stock of the Purchaser; (ii) grant of any new or amendment of any existing stock option, warrant, or other right to purchase shares of capital stock of the Purchaser; (iii) issuance of any security convertible into the capital stock of the Purchaser; (iv) grant of any registration rights in respect of the capital stock of the Purchaser; (v) reclassification, combination, split, subdivision, purchase, redemption, retirement, issuance, sale, or any other acquisition or disposition, directly or indirectly, by the Purchaser of any shares of the capital stock of the Company; (vi) any amendment of any material term of any outstanding security of the Company; or (vii) declaration, setting aside or payment of any dividend (whether in cash, securities or other property) or other distribution or payment in respect of the shares of the capital stock of the Company;

(c) amendment or other change in the Purchaser Organizational Documents; or

(d) other events or transactions material to the Purchaser.

ARTICLE VI
CERTAIN COVENANTS AND AGREEMENTS

Section 6.1. Further Assurances.

Subject to the terms and conditions herein provided, at any time from and after the Closing, at the request of a Party and without further consideration, each other Party shall promptly execute and deliver such further agreements, certificates, instruments and documents and perform such other actions as the requesting Party may reasonably request in order to fully consummate the transactions contemplated hereby and carry out the purposes and intent of this Agreement; provided that the requesting Party shall pay all reasonable and documented expenses associated therewith.

Section 6.2. Transfer Taxes.

All excise, sales, use, value added, registration stamp, recording, documentary, conveyancing, franchise, property, transfer, gains and similar Taxes, levies, charges and fees (collectively, "Transfer Taxes") incurred in connection with the transactions contemplated by this Agreement shall be borne one-half by the applicable Seller and one-half by the Purchaser. The Purchaser and each Seller shall cooperate in providing each other with any appropriate resale exemption certifications and other similar documentation. The Party that is required by applicable law to make the filings, reports, or returns with respect to any applicable Transfer Taxes shall do so, and the other Party shall cooperate with respect thereto as necessary.

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ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.1. **Notices.**

All notices, communications and deliveries under this Agreement will be made in writing signed by or on behalf of the Party making the same, will specify the Section under this Agreement pursuant to which it is given or being made, and will be delivered personally or by facsimile or other electronic transmission or sent by registered or certified mail (return receipt requested) or by next day courier (with evidence of delivery and postage and other fees prepaid) as follows:

To the Purchaser: Morlex, Inc.
c/o Duncan Capital LLC
420 Lexington Avenue, Suite 450
New York, New York 10170
Attention: President
Telephone: (212) 581-5150
Facsimile: (212) 581-5198

with a copy to: Nixon Peabody LLP
437 Madison Avenue
New York, NY 10022
Attn: Jane Greyf, Esq.
Facsimile: 866-516-0358
E-Mail: jgreyf@nixonpeabody.com

To the Seller, at the address of such Seller set forth on Schedule A hereto.

To the Company: All Ad Acquisition, Inc.
c/o Duncan Capital LLC
420 Lexington Avenue, Suite 450
New York, New York 10170
Attention: President
Telephone: (212) 581-5150
Facsimile: (212) 581-5198

or to such other representative or at such other address of a Party as such Party may furnish to the other Parties in writing. Any notice which is delivered personally or by facsimile or other electronic transmission in the manner provided herein shall be deemed to have been duly given to the Party to whom it is directed upon actual receipt by such Party or its agent. Any notice which is addressed and mailed in the manner herein provided shall be conclusively presumed to have been duly given to the Party to which it is addressed at the close of business, local time of the recipient, on the fourth Business Day after the day it is so placed in the mail (or on the first Business Day after placed in the mail if sent by overnight courier) or, if earlier, the time of actual receipt.

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Section 7.2. Schedules and Exhibits.

The Schedules and Exhibits to this Agreement are hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement.

Section 7.3. Assignment; Successors in Interest.

No assignment or transfer by any Party of such Party's rights and obligations under this Agreement will be made except with the prior written consent of the other Parties to this Agreement; provided, however, that the Purchaser may assign any or all of its rights, obligations and interests hereunder without any such written consent to any Affiliate of the Purchaser or to any of the Purchaser's lenders as security for any obligations arising in connection with the financing of the transactions contemplated hereby. This Agreement will be binding upon and will inure to the benefit of the Parties and their successors and permitted assigns, and any reference to a Party will also be a reference to a successor or permitted assign.

Section 7.4. Number; Gender.

Whenever the context so requires, the singular number will include the plural and the plural will include the singular, and the gender of any pronoun will include the other genders.

Section 7.5. Captions.

The titles, captions and table of contents contained in this Agreement are inserted in this Agreement only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision of this Agreement. Unless otherwise specified to the contrary, all references to Articles and Sections are references to Articles and Sections of this Agreement and all references to Schedules are references to Schedules, respectively, to this Agreement.

Section 7.6. Controlling Law; Amendment.

This Agreement will be governed by and construed and enforced in accordance with the internal laws of the State of New York applicable to Contracts executed within such state. This Agreement may not be amended, modified or supplemented except by written agreement of the Parties.

Section 7.7. Consent to Jurisdiction, Etc.

Except as otherwise expressly provided in this Agreement, the Parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought to the non-exclusive jurisdiction of the courts of the State of New York or the federal courts located in the State of New York, and each of the Parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. The Parties agree that, after a legal dispute is before a court as specified in this Section 7.7, and during the pendency of such dispute before such court, all actions, suits, or proceedings with respect to such dispute or any other dispute, including without limitation, any counterclaim, cross-claim or interpleader, shall be subject to the exclusive jurisdiction of such court. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Each Party hereto agrees that a final judgment in any action, suit or proceeding described in this Section 7.7 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable laws.

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Section 7.8. WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 7.9. Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such pro-hibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the Parties waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

Section 7.10. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single instrument. Execution and delivery of this Agreement by electronic exchange bearing the copies of a party's signature shall constitute a valid and binding execution and delivery of this Agreement by such party. Such electronic copies shall constitute enforceable original documents.

Section 7.11. Enforcement of Certain Rights.

Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any Person other than the Parties, and their successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such Person being deemed a third party beneficiary of this Agreement.

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Section 7.12. Waiver.

Any agreement on the part of a Party to any extension or waiver of any provision of this Agreement will be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by a Party of the performance of any covenant, agreement, obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by a Party of a condition to Closing will not be considered as a waiver of any rights to indemnification that may be claimed by such Party with respect to the matters relating to such waived condition. A waiver by any Party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 7.13. Integration.

This Agreement and the documents executed pursuant to this Agreement supersede all negotiations, agreements and understandings (both written and oral) among the Parties with respect to the subject matter of this Agreement. The Parties hereby agree that for purposes of this Agreement (including, but not limited to, indemnification obligations) neither Party has made to the other any representations, warranties or covenants or other disclosures other than those contained in this Agreement.

Section 7.14. Transaction Costs.

Except as provided above or as otherwise expressly provided herein, (a) the Purchaser will pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including, without limitation, the fees, costs and expenses of its financial advisors, accountants, counsel or brokers, and (b) each Seller will pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including, without limitation, the fees, costs and expenses of their financial advisors, accountants, counsel or brokers.

Section 7.15. Interpretation; Constructions.

(a) The term "Agreement" means this agreement together with all Schedules hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof. Unless the context otherwise requires, words importing the singular shall include the plural, and vice versa. The use in this Agreement of the term "including" means "including, without limitation." The words "herein", "hereof", "hereunder", "hereby", "hereto", "hereinafter", and other words of similar import refer to this Agreement as a whole, including the Schedules, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular article, section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to articles, sections, subsections, clauses, paragraphs, schedules and exhibits mean such provisions of this Agreement and the Schedules attached to this Agreement, except where otherwise stated. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require. The use in this Agreement of the terms "furnished," "provided," "delivered," "made available" and similar terms refers, with respect to the provision of information and documents to the Purchaser, in addition to the physical delivery of such information or documents to the Purchaser, to such information and/or documents as are made available by the Seller or any of its employees, consultants, advisors or attorneys.

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(b) The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(c) The Seller hereby acknowledges and agrees that it has had the opportunity to consult with his, her or its own counsel with respect to the subject matter of this Agreement, and has read and understands all of the provisions of this Agreement (including the Schedules to this Agreement).

[Signature Page to Follow.]

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IN WITNESS WHEREOF, the Parties have caused this Stock Purchase Agreement to be duly executed, as of the date first above written.

SELLERS

MW CROW FAMILY LP

By: /s/ Michael Crow
Name: Michael Crow
Title: General Partner

DRAKE INVESTMENTS LTD.

By: /s/ Dudley R. Cottingham
Name: Dudley R. Cottingham
Title: Director

ABERDEEN HOLDINGS LTD.

By: /s/ Michael Crow
Name: Michael Crow
Title: Principal

ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO MICHELLE LEE CROW

By: /s/ Alex Clug
Name: Alex Clug
Title: Trustee

ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO SPENCER MICHAEL CROW

By: /s/ Alex Clug
Name: Alex Clug
Title: Trustee

Signature Page to All Ad Acquisition Stock Purchase Agreement

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ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO OLIVIA TREVOR CROW

By: /s/ Alex Clug
Name: Alex Clug
Title: Trustee

ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO DUNCAN CROW

By: /s/ Alex Clug
Name: Alex Clug
Title: Trustee

/s/ Richard Berman
Richard Berman

/s/ Michael Crow
Michael Crow

PURCHASER

MORLEX, INC.

By: /s/ Michael Miller
Name: Michael Miller
Title: President

COMPANY

ALL AD ACQUISITION, INC.

By: /s/ Michael Crow
Name: Michael Crow
Title: President

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Signature Page to All Ad Acquisition Stock Purchase Agreement

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SCHEDULE A

Name	**Notice Address**	**Number of Shares**
Richard Berman		6.0
Aberdeen Holdings Ltd.		8.5
MW Crow Family LP		2.0
Michael Crow		4.5
Drake Investments Ltd.		5.0
Michelle Crow Trust, Trustee Alex Clug		4.0
Spencer Crow Trust, Trustee Alex Clug	(same as above)	4.0
Olivia Trevor Crow Trust, Trustee Alex Clug	(same as above)	4.0
Duncan Crow Trust, Trustee Alex Clug	(same as above)	4.0
Total:		42.0

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STOCK PURCHASE AGREEMENT

by and among

IAKONA, INC.,

JASON KULPA

and

ALL AD ACQUISITION INC.

for

all of the outstanding capital stock of

AD AUTHORITY, INC.

dated as of

November 14, 2007

238559426v12

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TABLE OF CONTENTS

		PAGE
ARTICLE I SALE AND PURCHASE		1
SECTION 1.1	Sale and Purchase	1
SECTION 1.2	Purchase Price	2
SECTION 1.3	Payment of Purchase Price	2
ARTICLE II THE CLOSING		2
SECTION 2.1	Closing	2
SECTION 2.2	Deliveries by Seller to Buyer	2
SECTION 2.3	Deliveries by Buyer to Seller	3
ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER		3
SECTION 3.1	Organization and Good Standing.	3
SECTION 3.2	Capitalization.	4
SECTION 3.3	Corporate Authority	5
SECTION 3.4	Governmental Filings and Consents	5
SECTION 3.5	No Violations	5
SECTION 3.6	Financial Statements.	6
SECTION 3.7	Absence of Certain Changes and Events	7
SECTION 3.8	Actions; Orders	9
SECTION 3.9	Taxes.	9
SECTION 3.10	Employee Benefits; ERISA.	12
SECTION 3.11	Labor Matters.	12
SECTION 3.12	Compliance with Laws; Governmental Authorizations; etc.	12
SECTION 3.13	Leased Real Property; Personal Property.	13
SECTION 3.14	Customers.	14
SECTION 3.15	Contracts; No Default.	14
SECTION 3.16	Insurance	16
SECTION 3.17	Environmental Matters.	16
SECTION 3.18	Brokers and Finders	17
SECTION 3.19	No Undisclosed Liabilities	17
SECTION 3.20	Intellectual Property.	17
SECTION 3.21	Accounts Receivable.	22
SECTION 3.22	Bank Accounts	22
SECTION 3.23	Intercompany Accounts	22
SECTION 3.24	Disclosure	22
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER		22
SECTION 4.1	Organization and Good Standing.	22
SECTION 4.2	Corporate Authority	23

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Please Consider the Environment Before Printing This Document

SECTION 4.3 Consents and Approvals; No Conflict or Violations. 23

ARTICLE V COVENANTS.. 24

SECTION 5.1 Conduct of Business 24
SECTION 5.2 Access 24
SECTION 5.3 Required Approvals 24
SECTION 5.4 Reasonable Best Efforts.. 25
SECTION 5.5 Publicity 25
SECTION 5.6 Confidentiality 25
SECTION 5.7 Further Assurances.. 25
SECTION 5.8 Notifications.. 25
SECTION 5.9 Non-Competition; Non-Solicitation. 26
SECTION 5.10 Employee Benefit Plans... 27
SECTION 5.11 Ancillary Agreements 27
SECTION 5.12 Expenses 27
SECTION 5.13 Governance 28
SECTION 5.14 Redemption of Stock Options and SARs... 28

ARTICLE VI CONDITIONS TO CLOSING 28

SECTION 6.1 Conditions to Obligations of Buyer 28
SECTION 6.2 Conditions to Obligations of Seller 30

ARTICLE VII TAX MATTERS 31

SECTION 7.1 Liability for Taxes and Related Matters. 31
SECTION 7.2 Tax Returns and Reports... 33
SECTION 7.3 Contest Provisions. 33
SECTION 7.4 Cooperation; Records.. 34
SECTION 7.5 Disputes.. 35

ARTICLE VIII TERMINATION 35

SECTION 8.1 Termination.. 35
SECTION 8.2 Effect of Termination... 36

ARTICLE IX INDEMNIFICATION; REMEDIES 36

SECTION 9.1 Survival.. 36
SECTION 9.2 Indemnification and Reimbursement by Seller... 37
SECTION 9.3 Indemnification and Reimbursement by Buyer and Duncan Capital 38
SECTION 9.4 Limitations on Amount 38
SECTION 9.5 Limitations on Amount - Buyer... 39
SECTION 9.6 Indemnity Regarding Vaschetto Agreement... 39
SECTION 9.7 Notice and Payment of Claims. 39
SECTION 9.8 Procedure for Indemnification - Third Party Claims 40
SECTION 9.9 Tax Effect of Indemnification Payments 41

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Please Consider the Environment Before Printing This Document

SECTION 9.10 Remedies not Exclusive 41

ARTICLE X MISCELLANEOUS 42

SECTION 10.1 Assignments; Successors; No Third Party Rights 42
SECTION 10.2 Entire Agreement 42
SECTION 10.3 Amendment or Modification 42
SECTION 10.4 Notices 42
SECTION 10.5 GOVERNING LAW 43
SECTION 10.6 CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL 44
SECTION 10.7 Severability 45
SECTION 10.8 Waiver of Conditions 45
SECTION 10.9 Actions of the Company 45
SECTION 10.10 Descriptive Headings; Construction 45
SECTION 10.11 Counterparts 45
SECTION 10.12 Knowledge 46
SECTION 10.13 Time is of the Essence. 46
SECTION 10.14 Definitions 46

EXHIBITS

Escrow Agreement ..... Exhibit A
Employment Agreement, Etc. ..... Exhibit B
Specified Employees ..... Exhibit C
Non-Compete and Non-Solicitation Agreement, Etc. ..... Exhibit D
Redemption of Stock Options and SARs ..... Exhibit E
Investor Rights Agreement ..... Exhibit F

SCHEDULES

Disclosure Schedule

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of November 14, 2007, by and among IAKONA, INC., a California corporation ("Iakona"), Jason Kulpa, an individual resident in San Diego, California and the owner of all the issued and outstanding capital stock of Iakona ("Jason Kulpa", and together with Iakona, the "Seller"), ALL AD ACQUISITION INC., a Delaware corporation ("Buyer") and, solely for purposes of Section 9.3 hereof, DUNCAN CAPITAL PARTNERS LLC ("Duncan Capital").

WITNESSETH:

WHEREAS, Iakona owns all of the issued and outstanding shares of capital stock of Ad Authority, Inc., a Delaware corporation (the "Company");

WHEREAS, the Company is engaged in the business of internet advertising (the "Business");

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the 9,000,000 shares of common stock, $0.001 par value per share, of the Company (the "Common Stock" or the "Shares") issued and outstanding on the Closing Date (as defined in Section 2.1 hereof), upon the terms and subject to the conditions set forth herein;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as an inducement to Seller's willingness to enter into this Agreement, Buyer and Seller have entered into an Escrow Agreement, in substantially the form attached hereto as Exhibit A (the "Escrow Agreement"), pursuant to which Buyer has funded $100,000 into an escrow account as liquidated damages owing to Seller in the event of a termination of this Agreement in accordance with Section 8.2(b) hereof;

WHEREAS, on or prior to the Closing Date, Jason Kulpa shall enter into an employment agreement (the "Employment Agreement") and related agreements with the Company, in the forms attached hereto as Exhibit B; and

WHEREAS, on or prior to the Closing Date, the employees of the Company listed on Exhibit C hereto (the "Specified Employees") shall each enter into an employment agreement, a Non-Compete and Non-Solicitation Agreement and related agreements with the Company.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements, undertakings and obligations set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

SALE AND PURCHASE

SECTION 1.1 Sale and Purchase. Upon the terms and subject to the conditions set forth in this Agreement and on the basis of the representations, warranties, covenants, agreements, undertakings and obligations contained herein, at the Closing (as defined

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in Section 2.1 hereof), Seller hereby agrees to sell to Buyer, and Buyer hereby agrees to purchase from Seller, the Shares, free and clear of any and all Liens (as defined in Section 3.2(b) hereof), for the consideration specified in this Article I.

SECTION 1.2 Purchase Price. The purchase price for the Shares shall be $8,000,000 plus a number of shares of Buyer in accordance with Section 1.3(b) hereof (together, the "Purchase Price"). The Purchase Price shall be paid in accordance with Section 1.3 hereof.

SECTION 1.3 Payment of Purchase Price. At the Closing, Buyer will deliver (or cause to be delivered) to Seller:

(a) The sum of $8,000,000 in immediately available funds by wire transfer to an account specified by Seller in writing to Buyer not later than three (3) Business Days prior to Closing. For purposes of this Agreement, the term "Business Day" shall mean any day, other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by law or regulation to close in The City of New York.

(b) The right to receive such number of shares of common stock that equal 20% of the combined outstanding common stock of the Company and Rightside Holdings, Inc., an internet media investment and management firm ("Rightside"), calculated as of the Closing Date on a fully diluted basis and inclusive of the shares reserved for issuance pursuant to Section 5.10 hereof.

ARTICLE II

THE CLOSING

SECTION 2.1 Closing. The closing (the "Closing") of the sale and purchase of the Shares (the "Stock Purchase") and the other transactions provided for herein shall take place at the offices of Greenberg Traurig, LLP, Met Life Building, 200 Park Avenue, New York, New York 10166 at 10:00 A.M. (New York City time) on the third (3rd) Business Day following satisfaction or, if permissible, waiver of the conditions set forth in Article VI of this Agreement (excluding those conditions which by their nature are to be satisfied as a part of the Closing) or at such other place, time or date as the parties hereto may agree (the time and date of the Closing being herein referred to as the "Closing Date").

SECTION 2.2 Deliveries by Seller to Buyer. On the Closing Date, Seller shall deliver, or cause to be delivered, to Buyer the following:

(a) a certificate or certificates evidencing all of the Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer and with any requisite stock transfer tax stamps properly affixed thereto;

(b) the certificates and other documents and instruments to be delivered pursuant to Section 6.1 hereof;

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(c) a "good standing" certificate or telegram for the Company, and a copy of the Certificate of Incorporation and all amendments thereto (or equivalent document) of the Company, in each case certified by the Secretary of State of Delaware, dated as of a date within five (5) days prior to the Closing Date;

(d) each fully executed Ancillary Agreement to which it is a party; and

(e) such other closing documents as Seller and Buyer shall reasonably agree.

The term "Ancillary Agreements" means the Escrow Agreement, the Employment Agreement and the Non-Compete and Non-Solicitation Agreements and any other agreement or instrument to be entered into in connection with the transactions contemplated by this Agreement and said other agreements.

SECTION 2.3 Deliveries by Buyer to Seller. On the Closing Date, Buyer shall deliver, or cause to be delivered, to Seller the following:

(a) the Purchase Price, in accordance with Section 1.3 hereof;

(b) the certificates and other documents and instruments to be delivered pursuant to Section 6.2 hereof;

(c) each fully executed Ancillary Agreement to which it is a party; and

(d) such other closing documents as Seller and Buyer shall reasonably agree.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

As used herein, (i) any reference to any event, change or effect being "material" with respect to the Company means an event, change or effect which is material in relation to the condition (financial or otherwise), properties, business, operations, prospects, assets or results of operations of the Company, and (ii) the term "Material Adverse Effect" on the Company means a material adverse effect on the condition (financial or otherwise), properties, business, operations, assets or results of operations of the Company.

Seller hereby represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows:

SECTION 3.1 Organization and Good Standing.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, with full corporate power and authority to conduct its business as it is now being conducted, to

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own or use the properties or assets that it purports to own or use, and to perform all of its respective obligations under all Applicable Contracts (as defined in Section 3.5(c) hereof). Subject to Schedule 3.1(a) of the Disclosure Schedule, the Company is duly qualified or licensed to do business as a foreign corporation and is in good standing as a foreign corporation in each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such licensing, qualification or good standing, except for any failure to so license, qualify or be in such good standing, which, when taken together with all other such failures, has not had, does not have and could not reasonably be expected to have a Material Adverse Effect on the Company.

(b) Seller has made available or delivered to Buyer a true and complete copy of the Company's Certificate of Incorporation and By-laws, each as amended to date (collectively, the "Company's Organizational Documents"). The Company's Organizational Documents so delivered are in full force and effect.

(c) The Company has no Subsidiaries.

SECTION 3.2 Capitalization.

(a) The authorized capital stock of the Company consists solely of 10,000,000 shares of Common Stock, of which 9,000,000 shares of Common Stock are issued and outstanding. All of the issued and outstanding shares of capital stock of the Company have been duly authorized and are validly issued, fully paid and nonassessable and have been issued in compliance with all applicable federal and state securities laws.

(b) Seller is and shall be on the Closing Date the sole record and beneficial owner and holder of the Shares, free and clear of all Liens. For purposes of this Agreement, the term "Liens" shall mean any charges, claims, community property interests, conditions, conditional sale or other title retention agreements, covenants, easements, encumbrances, equitable interests, exceptions, liens, mortgages, options, pledges, reservations, rights of first refusal, security interests, servitudes, statutory liens, variances, warrants, or restrictions of any kind, including any restrictions on use, voting, transfer, alienation, receipt of income, or exercise of any other attribute of ownership.

(c) Except as set forth in Schedule 3.2(c) of the Disclosure Schedule, there are no shares of capital stock or other securities of the Company (i) reserved for issuance or (ii) subject to preemptive rights or any outstanding subscriptions, options, warrants, calls, rights, convertible securities or other agreements or other instruments outstanding or in effect giving any Person the right to acquire any shares of capital stock or other securities of the Company or any commitments of any character relating to the issued or unissued capital stock or other securities of the Company. The Company does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of the Company on any matter ("Voting Debt"). For purposes of this Agreement, the term "Person" shall mean any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company,

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Governmental Entity (as defined in Section 3.4 hereof), joint venture, estate, trust, association, organization or other entity of any kind or nature.

SECTION 3.3 Corporate Authority. Seller has the full legal right, requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform fully, its obligations under this Agreement and each Ancillary Agreement to which it is a party and to allow it to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and each Ancillary Agreement to which it is a party and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized and approved by the Board of Directors of Seller and no other corporate proceeding with respect to Seller is necessary to authorize this Agreement, such Ancillary Agreements or the transactions contemplated hereby or thereby. This Agreement has been duly executed and delivered by Seller and constitutes, and upon the execution and delivery by Seller of the Ancillary Agreements to which it is a party, such Ancillary Agreements will constitute, valid and binding agreements of Seller, enforceable against Seller in accordance with their respective terms.

SECTION 3.4 Governmental Filings and Consents. Except as set forth in Schedule 3.4 of the Disclosure Schedule, no notices, reports, submissions or other filings (collectively, "Filings") are required to be made by Seller with, nor are any consents, registrations, approvals, declarations, permits, expiration of any applicable waiting periods or authorizations (collectively, "Consents") required to be obtained by Seller or the Company from, any foreign, federal, state, local, municipal, county or other governmental, quasi-governmental, administrative or regulatory authority, body, agency, court, tribunal, commission or other similar entity (including any branch, department or official thereof) ("Governmental Entity"), in connection with the execution or delivery by Seller of this Agreement or any of the Ancillary Agreements to which it is a party, the performance by Seller of its obligations hereunder or thereunder, or the consummation by Seller of the transactions contemplated hereby or thereby.

SECTION 3.5 No Violations. Except as set forth in Schedule 3.5 of the Disclosure Schedule, the execution and delivery by Seller of this Agreement and the Ancillary Agreements to which it is a party does not, and the performance and consummation by Seller of any of the transactions contemplated hereby or thereby will not, with respect to each of Seller and the Company, directly or indirectly (with or without the giving of notice or the lapse of time or both):

(a) contravene, conflict with, or constitute or result in a breach or violation of, or a default under (i) any provision of the Certificate of Incorporation or By-laws (or equivalent documents) of Seller or the Company's Organizational Documents; or (ii) any resolution adopted by the Board of Directors (or similar governing body) or the stockholders of Seller or the Company;

(b) contravene, conflict with, or constitute or result in a breach or violation of, or a default under, or the acceleration of, or the triggering of any payment or other obligations pursuant to, any existing Benefit Plan (as defined in Section 3.10(a) hereof) or any grant or award made under any of the foregoing;

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(c) contravene, conflict with, or constitute or result in a breach or violation of, or a default under, or the cancellation, modification or termination of, or the acceleration of, or the creation of a Lien on any material properties or assets owned or used by the Company pursuant to, or require the making of any Filing or the obtaining of any Consent under, any provision of any material agreement, license, lease, understanding, contract, loan, note, mortgage, indenture, promise, undertaking or other commitment or obligation (whether written or oral and express or implied) (a "Contract"), under which Seller or the Company is bound or is subject to any obligation or Liability (as defined in Section 3.19 hereof) or by which any of their respective assets owned or used are or may become bound (an "Applicable Contract"), in each case other than as set forth in Schedule 3.5(c) of the Disclosure Schedule; or

(d) contravene, conflict with, or constitute or result in a breach or violation of any Law (as defined below), award, decision, injunction, judgment, decree, settlement, order, process, ruling, subpoena or verdict (whether temporary, preliminary or permanent) entered, issued, made or rendered by any court, administrative agency, arbitrator, Governmental Entity or other tribunal of competent jurisdiction ("Order") or give any Governmental Entity or any other Person the right to challenge any of the transactions contemplated hereby or in the Ancillary Agreements or to exercise any remedy or obtain any relief under, any Law or any Order to which Seller or the Company, or any of the assets owned or used by the Company, are subject.

For purposes of this Agreement, the term "Law" shall mean any federal, state, local, municipal, foreign, international, multinational, or other constitution, law, rule, standard, requirement, administrative ruling, order, ordinance, principle of common law, legal doctrine, code, regulation, statute, treaty or process. For purposes of this Agreement, the term "Governmental Authorization" shall mean any approval, franchise, certificate of authority, order, consent, judgment, decree, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Entity or pursuant to any Law.

SECTION 3.6 Financial Statements.

(a) Schedule 3.6(a) of the Disclosure Schedule contains the following financial statements (collectively, the "Financial Statements"): (i) audited balance sheet of the Company at December 31, 2005 (including the notes thereto, the "2005 Balance Sheet"), and the related audited statements of income, changes in stockholders' equity and cash flow for the fiscal year then ended, together with the report thereon of Green Hasson & Janks LLP, independent certified public accountants, (ii) audited balance sheet of the Company at December 31, 2006 (including the notes thereto, the "2006 Balance Sheet"), and the related audited statements of income, changes in stockholders' equity and cash flow for the fiscal year then ended, together with the report thereon of Green Hasson & Janks LLP, independent certified public accountants, and (ii) an unaudited balance sheet of the Company at July 31, 2007 (the "Interim Balance Sheet") and the related unaudited statements of income, changes in stockholders' equity and cash flow for the seven (7) months then ended, including in each case the notes thereto.

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(b) Subject to Schedule 3.6(b) of the Disclosure Schedule, the Financial Statements and notes fairly present the financial condition and the results of operations, changes in stockholders' equity and cash flow of the Company at the respective dates of and for the periods referred to in such Financial Statements, all in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods presented, subject, in the case of unaudited financial statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be material in amount or effect) and the absence of notes (that, if presented, would not differ materially from those included in the Balance Sheet). As of their respective dates, the Financial Statements did not, and any financial statements subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(c) Subject to Schedule 3.6(c) of the Disclosure Schedule, the Financial Statements were compiled from and are in accordance with the books and records of the Company. For the period prior to December 6, 2004 (the date that Jason Kulpa became the Chief Executive Officer of the Company) (the "Determination Date"), the books and records (including the books of account, minute books, stock record books and other records) of the Company, all of which have been made available to Buyer, are, to the knowledge of Seller, true and complete, have been maintained in accordance with sound business practices and accurately present and reflect in all material respects all of the transactions and actions therein described. For the period subsequent to the Determination Date, the books and records (including the books of account, minute books, stock record books and other records) of the Company, all of which have been made available to Buyer, are true and complete, have been maintained in accordance with sound business practices and accurately present and reflect in all material respects all of the transactions and actions therein described. At the Closing, all of those books and records shall be in the possession of the Company.

SECTION 3.7 Absence of Certain Changes and Events. Except as set forth in Schedule 3.7 of the Disclosure Schedule, since December 31, 2006 through and including the date of this Agreement, the Company has conducted the Business only in, and has not engaged in any transaction other than according to, the ordinary and usual course of such business in a manner consistent with its past practice ("Ordinary Course of Business"), and there has not been any:

(a) change in the business, operations, properties, prospects, assets, or condition of the Company that has had, does have or could reasonably be expected to have a Material Adverse Effect on the Company;

(b) (i) change in the authorized or issued capital stock of the Company; (ii) grant of any new or amendment of any existing stock option, warrant, or other right to purchase shares of capital stock of the Company; (iii) issuance of any security convertible into the capital stock of the Company; (iv) grant of any registration rights in respect of the capital stock of the Company; (v) reclassification, combination, split, subdivision,

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purchase, redemption, retirement, issuance, sale, or any other acquisition or disposition, directly or indirectly, by the Company of any shares of the capital stock of the Company; (vi) any amendment of any material term of any outstanding security of the Company; or (vii) declaration, setting aside or payment of any dividend (whether in cash, securities or other property) or other distribution or payment in respect of the shares of the capital stock of the Company;

(c) amendment or other change in the Company's Organizational Documents;

(d) (i) acquisition (including by way of merger, consolidation or acquisition of stock or assets) by the Company of any Person or any division thereof or material portion of the assets thereof; (ii) liquidation, dissolution or winding up of, or disposition of all or substantially all of the assets of, the Company; or (iii) organization of any new Company Subsidiary or joint venture by the Company;

(e) (i) increase in salary, bonus or other compensation (other than compensation increases made in the Ordinary Course of Business) of any employee, director or consultant of the Company; (ii) increase in benefits, material waivers or variations for the benefit of any such employee, director or consultant, material amendments, or payments or grants of awards that were not required, under any Benefit Plan (as defined in Section 3.10(a) hereof), or adoption or execution of any new Benefit Plan (other than any such events in the Ordinary Course of Business); or (iii) establishment or adoption of, or amendment to, any collective bargaining agreement;

(f) damage to or destruction or loss of any asset or property of the Company, whether or not covered by insurance, that has had, does have or could reasonably be expected to have a Material Adverse Effect on the Company;

(g) payment of, accrual or commitment for, capital expenditures in excess of $100,000 individually or $250,000 in the aggregate;

(h) except in each case in the Ordinary Course of Business, (i) incurrence of any Liability; (ii) making of any loans or advances; or (iii) payment, discharge or satisfaction of Liabilities reflected or reserved against in the Financial Statements or subsequently incurred in the Ordinary Course of Business;

(i) (i) cancellation or waiver of any claims or rights with a value to the Company in excess of $100,000; (ii) settlement or compromise of any Action (as defined in Section 3.8(a) hereof) other than such Actions in which the amount paid in settlement or compromise, including the cost to the Company of complying with any provision of such settlement or compromise other than cash payments, does not exceed $100,000; or (iii) other than in the Ordinary Course of Business, modification, amendment or termination of any material Applicable Contract;

(j) material change in the (i) business organization of the Company (including all agency, brokerage and similar relationships of the Business); (ii) services provided by the officers, employees, agents or brokers of the Company; (iii) the

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relationships and goodwill with customers, landlords, creditors, employees, agents, brokers and others having business relationships with the Company; or (iv) existing levels of insurance coverage of the Company;

(k) tax election made or changed, settlement of any material audit, filing of any amended Tax Returns (as defined in Section 3.9(n) hereof) or cancellation or termination of any insurance policy naming the Company as a beneficiary or loss-payable payee except in the Ordinary Course of Business;

(l) entrance into or amendment, renewal or extension of, any Contract of any type listed in Section 3.15 hereof; or

(m) agreement (whether written or oral and express or implied) by the Company to do any of the foregoing.

SECTION 3.8 Actions; Orders.

(a) Except as set forth in Schedule 3.8(a) of the Disclosure Schedule, there are no civil, criminal, administrative, investigative or informal actions, audits, demands, suits, claims, arbitrations, hearings, litigations, disputes, investigations or other proceedings of any kind or nature ("Actions") or Orders issued, pending or, to the knowledge of Seller or the Company, threatened, against Seller, the Company or any of its assets, at law, in equity or otherwise, in, before, by, or otherwise involving, any Governmental Entity, arbitrator or other Person that individually or in the aggregate, (i) have had, do have or could reasonably be expected to have a Material Adverse Effect on the Company or (ii) question or challenge the validity or legality of, or have the effect of prohibiting, preventing, restraining, restricting, delaying, making illegal or otherwise interfering with, this Agreement, any Ancillary Agreement, the consummation of the transactions contemplated hereby or thereby or any action taken or proposed to be taken by Seller or the Company pursuant hereto or in connection with the transactions contemplated hereby or thereby. To the knowledge of Seller or the Company, no event has occurred or circumstance exists that could reasonably be expected to give rise to or serve as a basis for the commencement of any such Action or the issuance of any such Order.

(b) Except as set forth in Schedule 3.8(b) of the Disclosure Schedule, there is no Order to which the Company or any of the assets owned or used by the Company, is subject.

SECTION 3.9 Taxes.

(a) Except as set forth in Schedule 3.9(a) of the Disclosure Schedule, (i) all Tax Returns that are or were required to be filed by or with respect to the Company have been filed on a timely basis (taking into account all extensions of due dates) in accordance with applicable Law, (ii) all Tax Returns referred to in clause (i) are true and complete in all respects, (iii) all Taxes due for the periods covered by such Tax Returns, including any Taxes payable pursuant to any assessment made by the Internal Revenue Service or other relevant taxing authority in respect of such periods, have been paid in full, and (iv) all estimated Taxes required to be paid in respect of the Company have been

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paid in full when due in accordance with applicable Law. Seller has delivered or made available to Buyer true and complete copies of all Tax Returns filed by the Company since November 25, 2003, and Schedule 3.9(a) of the Disclosure Schedule contains a true and complete list of all such Tax Returns.

(b) Except as set forth in Schedule 3.9(b) of the Disclosure Schedule, (i) there is no material action, suit, proceeding, investigation, audit or claim now pending with respect to the Company in respect of any Tax, nor has any material claim for additional Tax been asserted in writing by any taxing authority since November 25, 2003, (ii) since November 25, 2003, no claim has been made in writing by any taxing authority in a jurisdiction where the Company has not filed a Tax Return that it is or may be subject to Tax by such jurisdiction, and (iii) neither Seller nor the Company has given or been requested to give a waiver or extension (or is or could be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of the Company or for which the Company is or is reasonably likely to be liable. Schedule 3.9(b) of the Disclosure Schedule contains a true and complete list of all examinations of all Tax Returns referred to in Section 3.9(a) hereof, including a reasonably detailed description of the nature of each examination, the adjustments made to such Tax Returns, and the resulting deficiencies asserted or assessments made by the Internal Revenue Service or the relevant state, local or foreign taxing authority.

(c) Except as set forth in Schedule 3.9(c) of the Disclosure Schedule, the charges, accruals and reserves with respect to Taxes provided in the Interim Balance Sheet are adequate (determined in accordance with GAAP) to cover the aggregate liability of the Company Taxes in respect of all Pre-Closing Tax Periods for which Tax Returns have not yet been filed or for which Taxes are not yet due and payable.

(d) There is no Tax sharing agreement, contract or intercompany account system in existence that would require any payment by the Company after the date of this Agreement. The Company has no liability for indemnification of third parties with respect to Taxes or any liability for Taxes as a transferee.

(e) The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(f) There are no Liens relating or attributable to Taxes with respect to, or in connection with, the assets of the Company other than Liens for current Taxes not yet due. There is no basis for the assertion of any claim for Taxes which, if adversely determined, would or is reasonably likely to result in the imposition of any Lien on the assets of the Company or otherwise adversely affect Buyer, the Company or their use of such assets.

(g) All Taxes that the Company is or was required by Law to withhold or collect have been duly withheld or collected and, to the extent required by applicable Law, have been paid to the proper Governmental Entity or other Person.

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(h) Seller has provided Buyer with copies of all record retention agreements currently in effect between the Company and any taxing authority.

(i) The Company has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or Section 361 of the Code.

(j) The Company has not been a member of an affiliated group (within the meaning of Code § 1504(a)) filing a consolidated federal income Tax Return (other than a group the common parent of which is the Company) or (ii) except as set forth in Section 3.9 of the Company Disclosure Schedule, has any liability for the Taxes of any Person (other than any of the Company and its Subsidiaries) under Treasury Regulations § 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(k) Except as set forth in Schedule 3.9(k) of the Disclosure Schedule, the Company will not be required to include in a taxable period ending after the Closing Date taxable income attributable to income that accrued in a prior taxable period as a result of the installment method of accounting, the completed contract method of accounting, the long-term contract method of accounting, the cash method of accounting or Section 481 of the Code or comparable provisions of state or local Tax law, or for any other reason.

(l) The Company has not been a partner for Tax purposes with respect to any joint venture, partnership, or other arrangement or contract which is treated as a partnership for Tax purposes.

(m) The Company has not entered into any transaction identified as a "reportable transaction" or "listed transaction" for purposes of Code Section 6707A(c) or Treasury Regulations Sections 1.6011-4(b)(2) or 301.6111-2(b)(2).

(n) For purposes of this Agreement, the following terms shall have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Post-Closing Tax Period" means any taxable year or period that begins after the Closing Date and, with respect to any taxable year or period beginning before and ending after the Closing Date, the portion of such taxable year or period beginning after the Closing Date.

"Pre-Closing Tax Period" means any taxable year or period that ends on or before the Closing Date and, with respect to any taxable year or period beginning before and ending after the Closing Date, the portion of such taxable year or period ending on and including the Closing Date.

"Tax" means any Federal, state, local or foreign income, gross receipts, license, severance, occupation, capital gains, premium, environmental (including Taxes under Section 59A of the Code), customs, duties, profits, disability, registration, alternative or add-on minimum, estimated, withholding, payroll, employment, unemployment, insurance, social

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security (or similar), excise, production, sales, use, value-added, occupancy, franchise, real property, personal property, business and occupation, mercantile, windfall profits, capital stock, stamp, transfer, workmen's compensation or other tax, fee or imposition of any kind whatsoever, including any interest, penalties, additions, assessments or deferred liability with respect thereto, and any interest in respect of such penalties, additions, assessments or deferred liability, whether or not disputed.

"Tax Return" means any return, report, notice, form, declaration, claim for refund, estimate, election, or information statement or other document relating to any Tax, including any schedule or attachment thereto, and any amendment thereof.

SECTION 3.10 Employee Benefits; ERISA. (a) Except as set forth in Schedule 3.10 of the Disclosure Schedule, the Company does not maintain, contribute nor is it required to contribute to any Benefit Plan.

(b) For purposes of this Agreement, the following term shall have the following meaning:

"Benefit Plan" means any profit-sharing, pension, severance, thrift, savings, incentive, change of control, employment, retirement, bonus, deferred compensation, group life and health insurance and other employee benefit plan, agreement, arrangement or commitment, which is maintained, contributed to or required to be contributed to by the Company on behalf of any current or former employee, director or consultant of the Company.

SECTION 3.11 Labor Matters. Except as set forth in Schedule 3.11 of the Disclosure Schedule, no material labor disturbance by the employees of the Company exists or, to the knowledge of Seller or the Company, is threatened.

SECTION 3.12 Compliance with Laws; Governmental Authorizations; etc.

(a) Except as set forth in Schedule 3.12(a) of the Disclosure Schedule:

(i) Each of Seller, with respect to its operation of the Company, and the Company is in full compliance with each Law (including Environmental Laws) that is or was applicable to it or to the conduct or operation of the Business or the ownership or use of any of its assets;

(ii) no event has occurred or circumstance exists that could reasonably be expected to (with or without the giving of notice or the lapse of time or both) constitute or result, directly or indirectly, in a violation by Seller, with respect to its operation of the Company, or the Company of, or a failure on the part of Seller, with respect to its operation of the Company, or the Company to comply with, any Law; and

(iii) neither Seller nor the Company has received, at anytime, any notice or other communication (whether oral or written) from any Governmental Entity or any other Person regarding any actual, alleged, possible, or potential

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violation of, or failure on the part of Seller, with respect to its operation of the Company, or the Company to comply with, any Law.

(b) Except as set forth in Schedule 3.12(b) of the Disclosure Schedule, Seller, with respect to its operation of the Company, and the Company holds and maintains in full force and effect all Governmental Authorizations required to conduct the Business in the manner and in all such jurisdictions as it is currently conducted and to permit the Company to own and use its properties and assets in the manner in which it currently owns and uses such assets.

SECTION 3.13 Leased Real Property; Personal Property.

(a) Schedule 3.13(a) of the Disclosure Schedule contains a true and complete list of (i) each parcel of real property leased or subleased or otherwise occupied by the Company as tenant or subtenant (the "Leased Real Property" together with a true and complete list of all such leases, subleases or other similar agreements and any amendments, modifications or extensions thereto (the "Real Property Leases"), and (ii) all Liens relating to or affecting the Company's operations on any parcel of Leased Real Property. The Company does not own any parcel of real property.

(b) Subject to the terms of their respective Real Property Leases, the Company has a valid and subsisting leasehold estate in and the right to quiet enjoyment to the Leased Real Property for the full term of the lease thereof. Each Real Property Lease is a legal, valid and binding agreement, enforceable in accordance with its terms, of the Company and of each other Person that is a party thereto, and except as set forth in Schedule 3.13(b) of the Disclosure Schedule, there is no, and neither Seller nor the Company has knowledge of any nor received notice of any, default (or any condition or event which, after notice or lapse of time or both, would constitute a default) thereunder. The Company has not assigned, sublet, transferred, hypothecated or otherwise disposed of its interest in any Real Property Lease. No penalties are accrued and unpaid under any Real Property Lease.

(c) Seller has delivered to Buyer prior to the execution of this Agreement true and complete copies of all leases, and all amendments, modifications or extensions thereto, concerning the Leased Real Property.

(d) Except as set forth in Schedule 3.13(d) of the Disclosure Schedule, the improvements on the Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, to the knowledge of Seller and the Company, there are no condemnation or appropriation proceedings pending or threatened against any Real Property or the improvements thereon.

(e) Neither Seller nor the Company has any knowledge of any Action, actual or threatened, against Seller, the Company or the Real Property by any Person which would materially affect the future use, occupancy or value of the Real Property or any part thereof.

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(f) Except as set forth in Schedule 3.13(f) of the Disclosure Schedule, he Company is in possession of and has good and marketable title to, or has valid leasehold interests in or valid rights under Contract to use, all tangible personal property used in the conduct of its business, including all tangible personal property reflected on the Financial Statements for the period ended and tangible personal property acquired since, other than property disposed of since such date in the Ordinary Course of Business. All such tangible personal property is free and clear of all Liens, other than Liens set forth in Schedule 3.13(f) of the Disclosure Schedule, and is adequate and suitable for the conduct by the Company of the business presently conducted by them, and is in good working order and condition, ordinary wear and tear excepted, and its use complies in all material respects with all applicable Laws.

SECTION 3.14 Customers.

(a) Schedule 3.14(a) sets forth a true, complete and correct list of (i) the top 20 customers of the Company (the "Top Customers") based on revenues for the fiscal year ended December 31, 2006 and (ii) a list of all material new customers since January 1, 2007.

(b) Except as set forth on Schedule 3.14(b), none of the Top Customers has terminated its relationship with the Company or threatened in writing to do so.

SECTION 3.15 Contracts; No Default.

(a) Except as set forth in Schedule 3.15(a) of the Disclosure Schedule, the Company is not a party to or bound by any Contract:

(i) evidencing indebtedness for borrowed money in excess of $25,000 or pursuant to which the Company has guaranteed (including guarantees by way of acting as surety, co-signer, endorser, co-maker, indemnitor or otherwise) any obligation in excess of $25,000 of any other Person;

(ii) prohibiting or limiting the ability of the Company (A) to engage in any line of business, (B) to compete with, obtain products or services from, or provide services or products to, any Person, (C) to carry on or expand the nature or geographical scope of the Business anywhere in the world or (D) to disclose any confidential information in the possession of the Company that is material to the Company's operations (and not otherwise generally available to the public);

(iii) with Seller or any director or officer of the Company (or any of their respective family members or Related Persons (as defined in Section 5.9(d) hereof)) or with any employee, agent, consultant, advisor, leased employee or representative for employment or for consulting or similar services or containing any severance or termination pay obligations other than such Contracts (A) which may be terminated upon no more than thirty (30) days' notice by, and in any case without penalty or cost to, the Company other than for services rendered or costs incurred through the date of termination or (B) which provide for annual payments and benefits aggregating no more than $25,000;

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(iv) with any Related Person;

(v) pursuant to which it (A) leases from or to any other Person any tangible personal property or real property or (B) purchases materials, supplies, equipment or services and which, in the case of clauses (A) and (B), calls for future payments in excess of $50,000 in any year;

(vi) which is a partnership agreement, joint venture agreement or other Contract (however named) involving a sharing of profits, losses, costs or Liabilities by the Company with any other Person;

(vii) providing for the acquisition or disposition after the date of this Agreement of any portion of the Business or assets;

(viii) providing for a power of attorney on behalf of the Company;

(ix) involving a payment after the date hereof of an amount of money in excess of $50,000 and continuing (including mandatory renewals or extensions which do not require the consent of the Company) more than one year from its date and not made in the Ordinary Course of Business;

(x) relating to a mortgage, pledge, security agreement, deed of trust or other document granting a Lien over any real or personal asset or property owned by the Company;

(xi) that contains or provides for an express undertaking by the Company to be responsible for consequential damages, other than those entered in the Ordinary Course of Business; or

(xii) which is material to the Company pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act of 1933 (as amended, the "Securities Act").

Seller has delivered to Buyer a true and complete copy of each Contract identified or required to be identified in Schedule 3.15(a) of the Disclosure Schedule and each such Contract is in full force and effect and is valid and enforceable in accordance with its terms.

(b) Except as set forth in Schedule 3.15(b) of the Disclosure Schedule:

(i) the Company is, and at all times since December 31, 2006 has been, in compliance with all material terms and requirements of each Contract identified or required to be identified in Schedule 3.15(a) of the Disclosure Schedule;

(ii) to the knowledge of Seller and the Company, each other Person that has or had any obligation or Liability under any Contract identified or required to be identified in Schedule 3.15(a) of the Disclosure Schedule is, and at all times has been, in compliance with all material terms and requirements of each such Contract;

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(iii) no event has occurred or circumstance exists that could reasonably be expected to (with or without the giving of notice or the lapse of time or both) contravene, conflict with, or result in a violation or breach of, or give the Company or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Contract identified or required to be identified in Schedule 3.15(a) of the Disclosure Schedule; and

(iv) the Company has not given to or received from any other Person, at any time, any notice or other communication (whether oral or written) regarding any actual, threatened, alleged, possible, or potential violation or breach of, or default under, or cancellation of, any Contract identified or required to be identified in Schedule 3.15(a) of the Disclosure Schedule.

SECTION 3.16 Insurance.

(a) Schedule 3.17(a) of the Disclosure Schedule sets forth a true and complete list of all insurance policies or binders of fire, liability, workmen's compensation, motor vehicle, directors' and officers' liability, property, casualty, life and other forms of insurance owned, held by or applied for, or the premiums for which are paid by the Company. Seller has delivered or made available to Buyer (i) true and complete copies of such policies and binders and all pending applications for any such policies or binders and (ii) any statement by the auditors of the Financial Statements with regard to the adequacy of the coverage or of the reserves for claims. Notwithstanding anything to the contrary contained herein, the assets of the Company shall include any proceeds of any such policy and any benefits thereunder, and any claims by the Company in respect thereof, to the extent arising out of any such casualty to any asset of the Company occurring after the date hereof and prior to the Closing, and no such proceeds shall be divided, distributed or otherwise paid out of the Company.

(b) Except as set forth in Schedule 3.17(b) of the Disclosure Schedule, (i) the Company is, and has been, covered on an uninterrupted basis by valid and effective insurance policies or binders which are in the aggregate reasonable in scope and amount in light of the risks attendant to the business in which the Company is or has been engaged, (ii) all such policies or binders are in full force and effect, no notice of cancellation, termination, revocation or limitation or other indication that any insurance policy is no longer in full force or effect or that the issuer of any policy is not willing or able to perform its obligations thereunder, has been received with respect to any such policy and all premiums due and payable thereon have been paid in full on a timely basis and will continue in full force and effect through and following the Closing, (iii) there are no pending or, to the knowledge of Seller or the Company, threatened, material claims against such insurance by the Company as to which the insurers have denied liability, and (iv) there exist no material claims under such insurance policies or binders that have not been properly and timely submitted by the Company to its insurers.

SECTION 3.17 Environmental Matters (a) Except as set forth in Schedule 3.16 of the Disclosure Schedule, the Company is and has been conducted in full compliance with all applicable Environmental Laws.

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(b) "Environmental Law" means (i) any Law or Governmental Authorization, (x) relating to the protection, preservation or restoration of the environment (including air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, structures or any natural resource), or to human health or safety, or (y) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances, in each case as amended and as now or hereafter in effect. The term Environmental Law includes, without limitation, the federal Comprehensive Environmental Response Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act, the Federal Water Pollution Control Act of 1972, the federal Clean Air Act, the federal Clean Water Act, the federal Resource Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste Amendments thereto), the federal Solid Waste Disposal and the federal Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Federal Occupational Safety and Health Act of 1970, Resources Conservation and Recovery Act, Safe Drinking Water Act and any similar state or local law, each as amended and as now or hereafter in effect, and (ii) any common law or equitable doctrine (including, without limitation, injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose Liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Substance.

SECTION 3.18 Brokers and Finders. Except for the Persons set forth in Schedule 3.18 of the Disclosure Schedule, whose fees shall be paid by Buyer, no agent, broker, investment banker, intermediary, finder, Person or firm acting on behalf of Seller or the Company or which has been retained by or is authorized to act on behalf of Seller or the Company is or would be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from any of the parties hereto in connection with the execution of this Agreement or the Ancillary Agreements or upon consummation of the transactions contemplated hereby or thereby.

SECTION 3.19 No Undisclosed Liabilities. Except as set forth in Schedule 3.19 of the Disclosure Schedule, the Company has no Liabilities and there is no basis for any present or future Action against it giving rise to any Liability except for (i) Liabilities or obligations reflected or reserved against in the Balance Sheet, the Interim Balance Sheet, and (ii) Liabilities incurred in the Ordinary Course of Business since the respective dates thereof. Notwithstanding the foregoing, in no event shall the Company have as of the Closing Date on its balance sheet accounts payable in an aggregate amount greater than $90,000. For purposes of this Agreement, the term "Liability" shall mean any debt, liability, commitment or obligation of any kind, character or nature whatsoever, choate or inchoate, secured or unsecured, accrued, fixed, absolute, contingent or otherwise, and whether due or to become due, that is of a kind required to be disclosed on a Balance Sheet prepared in accordance with GAAP.

SECTION 3.20 Intellectual Property.

(a) For purposes of this Agreement, "Intellectual Property Assets" means all of the following, to the extent owned, licensed or used by the Company or any Subsidiary:

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(i) all patents, patent applications, patent rights, and inventions and discoveries and invention disclosures worldwide (whether or not patented), including without limitation re-issues, continuations, continuations-in-part, renewals, or extensions (collectively, "Patents");

(ii) all trademarks, service marks, trade names, fictitious names, trade dress, logos, packaging design, slogans, Internet domain names, all of the foregoing whether or not registered, and all registrations and applications for any of the foregoing (collectively, "Marks");

(iii) all rights of copyright and all other intellectual property rights, proprietary rights, moral rights, and industrial property rights worldwide in and to all works of authorship in any medium now known or hereafter created and whether or not completed, published, or used, including without limitation all such rights in any work product, concepts, compilations, databases, ideas reduced to any tangible form, drafts, writings, plans, sketches, layouts, copy, designs, artwork, printed or graphic matter, promotions, commercials, video, films, photographs, illustrations, slides, musical compositions, mechanicals, audio and video recordings and other audiovisual works, transcriptions, software, source code, object code, binary code, software development documentation and programming tools, literary and artistic materials, all copyright registrations and applications for any of the foregoing whether created by the Company, its employees, agents or subcontractors, and all derivative works, translations, adaptations, or combinations of any of the foregoing (collectively, "Copyrights");

(iv) all know-how, trade secrets, confidential or proprietary information, research in progress, algorithms, data, designs, processes, formulae, drawings, schematics, blueprints, flow charts, models, prototypes, techniques, Company designed reports, Beta testing procedures and Beta testing results (collectively, "Trade Secrets");

(v) all goodwill, franchises, licenses, permits, consents, approvals, technical information and claims of infringement against third parties (the "Rights");

(vi) all customer lists and telephone numbers, names of potential sales leads, business strategies, outside analysts' plans and reports, outlooks, forecasts and other similar documents (collectively, "Other Intangibles"); and

(vii) those services (including web hosting and application management), computer programs, solutions and related documentation sold, marketed, or provided by the Company as of the date hereof (collectively, the "Products").

(b) Ownership of Intellectual Property Assets. Except as set forth in Schedule 3.20(b) of the Disclosure Schedule, the Company is the exclusive owner of, and has good, valid and marketable title to, all of the Intellectual Property Assets free and clear of all Encumbrances, except as to those Intellectual Property Assets for which the Company holds a valid and enforceable license to use Intellectual Property Assets as currently used. Such Intellectual Property Assets represent all intellectual property or

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proprietary rights currently used in the conduct of the Company's business. No claim is pending or, to Seller's knowledge, threatened in writing against the Company and/or its directors, officers, employees, and consultants, in their capacity as such, to the effect that (i) the right, title and interest of the Company in and to the Intellectual Property Assets is invalid or unenforceable by the Company or that any of the Intellectual Property Assets infringes, misappropriates, dilutes or otherwise violates the rights of a third party, or (ii) challenging the Company's ownership or use of, or the validity, enforceability or registrability of, any Intellectual Property Assets. To the knowledge of Seller, there exists no prior act or current conduct or use by Company that would give cause to any licensor of Intellectual Property Assets licensed to the Company to terminate or otherwise impair the rights of the Company pursuant to any such license agreement. Except as set forth in Schedule 3.20(b) of the Disclosure Schedule, the Company has not brought or threatened a claim against any person (A) alleging infringement, misappropriation, dilution or any other violation of the Intellectual Property Assets, or (B) challenging any person's ownership or use of, or the validity, enforceability or registrability of, any Intellectual Property Assets and, to the knowledge of Seller, there is no reasonable basis for a claim regarding any of the foregoing. All former and current employees of the Company have executed written instruments with the Company that assign to the Company or any Subsidiary such employee's rights to any inventions, improvements, discoveries or information relating to the business of the Company. All former and current employees of the Company have executed written instruments with the Company that assign to the Company or any Subsidiary such employee's rights to any internet-based domain name relating to the business of the Company. No current or former stockholder, director, officer, employee or contractor of Company (or any of their respective predecessors in interest) has or will have, after giving effect to the transactions contemplated by this Agreement, any right, title or interest in or to any of the Intellectual Property Assets. All Intellectual Property Assets were developed by either (x) employees of the Company within the scope of their employment, or (y) independent contractors who have assigned all of their rights in such Intellectual Property Assets to the Company pursuant to a written agreement.

(c) Patents. Schedule 3.20(c) sets forth a complete and accurate list of all Patents. All of the issued Patents owned by the Company are currently in compliance with formal legal requirements (including without limitation payment of filing, examination and maintenance fees and proofs of working or use), are valid and enforceable, and are not subject to any maintenance fees or Taxes or actions falling due within ninety (90) days after the Closing Date. In each case where a Patent is held by the Company by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office. No issued Patent has been or is now involved in any interference, reissue, re-examination or opposition proceeding. To the knowledge of Seller and the Company, there is no interfering patent or patent application of any third party.

(d) Trademarks. Schedule 3.20(d) sets forth a complete and accurate list of all Marks. All Marks that have been registered in any jurisdiction worldwide are currently in compliance with formal legal requirements (including without limitation the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to any maintenance fees or Taxes or actions

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falling due within ninety (90) days after the Closing Date. In each case where a Mark is held by the Company by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office. No registered Mark has been or is now involved in any opposition, invalidation or cancellation proceeding and, to Seller and Company's knowledge, no such action is threatened in writing with respect to any of the Marks. All products and materials containing a Mark bear the proper notice where permitted by Law. No Marks have been abandoned by the Company. To the knowledge of Seller or the Company, there has been no prior use of the Marks by any third party which would confer upon said third party superior rights in such Marks, and the Company has adequately policed the Marks against third party infringement so as to maintain the validity of such Marks.

(e) Copyrights. Schedule 3.20(e) sets forth a complete and accurate list of all Copyrights. All Copyrights that have been registered with the United States Copyright Office are currently in compliance with formal legal requirements, are valid and enforceable, and are not subject to any fees or Taxes or actions falling due within ninety (90) days after the Closing Date. In each case where a Copyright is held by the Company or any Subsidiary by assignment, the assignment has been duly recorded with the U.S. Copyright Office.

(f) Products. Schedule 3.20(f) sets forth a complete and accurate list of all Products. None of the source or object code, algorithms, structure or any other elements included in the Products is copied from, based upon, or derived from any other source or object code, algorithm or structure in violation of the rights of any third party. Except as set forth in Schedule 3.20(f), the Company has no obligation to any other Person to maintain, modify, improve or upgrade the Products. Schedule 3.20(f) sets forth all software or other material that is distributed as "free software", "open source software" or under a similar licensing or distribution model ("Open Source Materials") that is included in any Product or other Intellectual Property Asset owned by the Company, or that is otherwise used by the Company in any way, and describes the manner in which such Open Source Materials were used (such description shall include whether (and, if so, how) the Open Source Materials were modified and/or distributed by the Company). Except as set forth in Schedule 3.20(f), the Company has not (i) incorporated Open Source Materials into, or combined Open Source Materials with, any Products or other Intellectual Property Assets owned or licensed by the Company; (ii) distributed Open Source Materials in conjunction with any Products or other Intellectual Property Assets owned or licensed by the Company; or (iii) used Open Source Materials that create, or purport to create, obligations for the Company with respect to any of the Products or Intellectual Property Assets or grant, or purport to grant, to any third party, any rights or immunities under any Products or Intellectual Property Assets (including using any Open Source Materials that require, as a condition of use, modification and/or distribution of such Open Source Materials that other software incorporated into, derived from or distributed with such Open Source Materials be (A) disclosed or distributed in source code form, (B) be licensed for the purpose of making derivative works, or (C) be redistributable at no charge.

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(g) Trade Secrets. The Company has taken all commercially reasonable measures within the United States to protect the secrecy, confidentiality and value of the Trade Secrets, including, without limitation, entering into appropriate confidentiality agreements with all officers, directors, employees and consultants of the Company and any other persons with access to the Trade Secrets. To the knowledge of Seller or the Company there has not been any breach by any party to any such confidentiality or non-disclosure agreement. The Trade Secrets have not been disclosed by the Company to any person or entity other than employees or contractors of the Company who needed to know and use the Trade Secrets in the course of their employment or contract performance, and then only pursuant to a written agreement containing non-disclosure obligations that adequately protect the Company's proprietary interests in such Trade Secrets.

(h) Other Intangibles. The Company has provided to Buyer access to all of the Other Intangibles used by the Company in connection with its businesses.

(i) Exclusivity of Rights. The Company has the exclusive right to use, license, distribute, transfer and bring infringement actions with respect to the Intellectual Property Assets owned by the Company. Except as set forth on Schedule 3.20(i), the Company (A) has not licensed or granted to anyone rights to use, offer for sale, sell, distribute or license any of its Intellectual Property Assets; and (B) is not obligated to and does not pay royalties or other fees to anyone for the Company's ownership, use, license or transfer of any of its Intellectual Property Assets. The Intellectual Property Assets owned by the Company and, to the knowledge of Seller, the Intellectual Property Assets owned by third Persons that are the subject of a license agreement, have been duly maintained, are valid and subsisting, are full force and effect and have not been cancelled, expired or abandoned.

(j) Infringement. None of the Intellectual Property Assets of the Company or the Products or the modifications made by the Company to the Products (excluding any third-party rights or products incorporated into such Products for which the Company has a valid license) infringes or is alleged to infringe any patent, trademark, service mark, trade name, copyright, trade secrets or other proprietary right or is a derivative work based on the work of any other person.

(k) Schedule 3.20(k) sets forth a complete list of all agreements (whether written or oral) pertaining to the Intellectual Property Assets as of the date hereof, except for agreements pertaining to commercially available, off-the-shelf software which has a value of less than $10,000. The Company is in compliance in all material respects with all agreements pertaining to the Intellectual Property Assets, and is not restricted from assigning its rights respecting Intellectual Property Assets, such rights including the right to sue and obtain damages for past and future infringements thereof, nor will the Company otherwise be, as a result of the execution and delivery of this Agreement or the performance of its obligations under this Agreement, in breach of any agreement relating to the Intellectual Property. The Company is not in material default of any such agreement.

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SECTION 3.21 Accounts Receivable. Schedule 3.21 of the Disclosure Schedule sets forth a true, correct and complete list of the accounts and notes receivable of the Company as of May 31, 2007. There have not been any changes to the information set forth on Schedule 3.21, except in the ordinary course of business consistent with past practice. All Accounts Receivable arose out of the sales of services in the ordinary course of business and are collectible in the face value thereof using normal collection procedures, net of the reserve for doubtful accounts set forth thereon, which reserve is adequate and was calculated in accordance with GAAP.

SECTION 3.22 Bank Accounts. Schedule 3.22 of the Disclosure Schedule sets forth a true and complete list of the bank names, locations and account numbers of all bank and safe deposit box accounts of the Company including any custodial accounts for securities owned by the Company and the names of all Persons authorized to draw thereon or to have access thereto.

SECTION 3.23 Intercompany Accounts. Schedule 3.23 of the Disclosure Schedule sets forth a true and complete list of all intercompany account balances as of the Balance Sheet Date between Seller or any of its Related Persons, on the one hand, and the Company, on the other hand. Except as disclosed in Schedule 3.23 of the Disclosure Schedule, since the date of the Balance Sheet, there has not been any incurrence or accrual of any Liability (as a result of allocations or otherwise) by the Company to Seller or any of its Related Persons or other transaction between the Company and Seller or any of its Related Persons.

SECTION 3.24 Disclosure. No representation or warranty by Seller herein or in any Ancillary Agreement, the Disclosure Schedule, nor any certificate or exhibit or other written information furnished or to be furnished or made available by Seller or the Company pursuant to this Agreement or the Ancillary Agreements or in connection with the transactions contemplated hereby or thereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading. No notice given pursuant to Section 5.10 hereof will contain any untrue statement or omit to state a material fact necessary to make the statements therein, herein, or in any Ancillary Agreement in light of the circumstances in which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller, as of the date hereof and as of the Closing Date, as follows:

SECTION 4.1 Organization and Good Standing. Buyer is a Delaware corporation duly organized, validly existing and in good standing under the laws of Delaware, its jurisdiction of incorporation. Buyer was formed for the purpose of engaging in the transactions contemplated by this Agreement. All of the issued and outstanding shares of Buyer are owned by MW Crow Family LP, a Delaware limited partnership. Michael Crow is the general partner of MC Crow Family LP.

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SECTION 4.2 Corporate Authority. Buyer has the full legal right, requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform fully, its obligations under, this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and each Ancillary Agreement to which it is a party and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized and approved by the Board of Directors of Buyer and no other corporate proceeding with respect to Buyer is necessary to authorize this Agreement, such Ancillary Agreements or the transactions contemplated hereby or thereby. This Agreement has been duly executed and delivered by Buyer and constitutes, and upon the execution and delivery by Buyer of the Ancillary Agreements to which it is a party, such Ancillary Agreements will constitute, valid and binding agreements of Buyer, enforceable against Buyer in accordance with their respective terms.

SECTION 4.3 Consents and Approvals; No Conflict or Violations.

(a) No Filings are required to be made by Buyer with, nor are any Consents required to be obtained by Buyer from, any Governmental Entity, in connection with the execution or delivery by Buyer of this Agreement or the Ancillary Agreements to which it is a party, the performance by Buyer of its obligations hereunder or thereunder or the consummation by Buyer of the transactions contemplated hereby or thereby.

(b) The execution and delivery by Buyer of this Agreement and the Ancillary Agreements to which it is a party does not, and the performance and consummation by Buyer of any of the transactions contemplated hereby or thereby will not, with respect to Buyer, directly or indirectly (with or without the giving of notice or the lapse of time or both):

(i) contravene, conflict with, or constitute or result in a breach or violation of, or a default under (A) any provision of the Certificate of Incorporation or By-laws (or equivalent documents) of Buyer or (B) any resolution adopted by the Board of Directors (or similar governing body) or the stockholder of Buyer;

(ii) require Buyer to make any Filing with or obtain any Consent from any Person under any Contract binding upon Buyer; or

(iii) contravene, conflict with, or constitute or result in a breach or violation of, any material Law or Order to which Buyer, or any of the assets owned or used by Buyer, are subject

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ARTICLE V

COVENANTS

SECTION 5.1 Conduct of Business. Prior to the Closing, except as requested or consented to by Buyer in writing, and except as otherwise expressly contemplated in this Agreement, Seller shall, and covenants and agrees to cause the Company to conduct the Business only in the Ordinary Course of Business (it being understood and agreed that nothing contained herein shall permit the Company to enter into or engage (through acquisition, product extension or otherwise), an any material respect, in any new line of business), to confer with Buyer concerning operational matters of a material nature and to use its best efforts to preserve intact the current business organization of the Company, keep available the services of the current officers, employees, agents, brokers and managers of the Company, and maintain the relationships and goodwill with customers, suppliers, landlords, creditors, employees, agents, brokers and managers and others having business relationships with the Company. Without limiting the generality of the foregoing, between the date of this Agreement and the Closing Date, Seller will not take any affirmative action, or fail to take any action within its or their control, as a result of which any of the changes or events listed in Section 3.7 hereof could be reasonably expected to occur.

SECTION 5.2 Access. Between the date of this Agreement and the Closing Date, Seller shall, and shall cause its Related Persons and the Company and each of their respective Representatives to, (i) afford (upon reasonable notice) Buyer and its Representatives full and free access, at all reasonable times during normal business hours, to the Company's personnel, premises, Contracts, books and records, and other documents and data, (ii) furnish Buyer and its Representatives with copies of all such Contracts, books and records, and other existing documents and data as Buyer may reasonably request, (iii) furnish Buyer and its Representatives with such additional financial, operating, and other data and information as Buyer may reasonably request and (iv) otherwise cooperate with the investigation by Buyer and its Representatives of Seller and the Company and shall authorize the Company's independent certified public accountants to permit Buyer and its independent certified public accountants to examine all accounting records and working papers pertaining to the Financial Statements. No investigation pursuant to this Section 5.2 shall affect or be deemed to modify any representation or warranty made by Seller. All requests for information made pursuant to this Section 5.2 shall be directed to an executive officer of Seller or the Company or such other Persons as may be designated by Seller.

SECTION 5.3 Required Approvals. Each party hereto hereby agrees to cooperate with each other party and use its best efforts to obtain as promptly as practicable all Consents of all third parties necessary or advisable to consummate the transactions contemplated hereby and in the Ancillary Agreements. Buyer and Seller agree that they will keep the other apprised of the status of matters relating to completion of the transactions contemplated by this Agreement and the Ancillary Agreements, including promptly furnishing the other with copies of notice or other communications received by Buyer, Seller or the Company, as the case may be, from any third party with respect to the transactions contemplated hereby or thereby.

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SECTION 5.4 Reasonable Best Efforts. Between the date of this Agreement and the Closing Date, each of the parties hereto shall use their respective reasonable best efforts to cause the conditions in Sections 6.1 and 6.2 hereof to be satisfied.

SECTION 5.5 Publicity. Prior to the Closing, the parties hereto shall consult with each other prior to issuing any press releases or otherwise making public announcements with respect to the transactions contemplated hereby or thereby, and the party issuing a press release or otherwise making a public announcement with respect to the transactions contemplated hereby or thereby shall obtain from the other parties hereto their written consent (not to be unreasonably withheld) prior to any such disclosure. Written consent given pursuant to this Section 5.5 can be given by e-mail.

SECTION 5.6 Confidentiality. Notwithstanding anything herein to the contrary, Seller shall, and shall cause its Related Persons and each of their respective Representatives to, maintain in confidence and not use to the detriment of Buyer or the Company any written, oral or other information relating to the Company or to the Business or obtained from Buyer, its Subsidiaries or Related Persons or any of its Representatives in connection with this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby, except to the extent (i) any such information is or becomes generally available to the public other than as a result of disclosure by Seller, its Related Persons or any of their respective Representatives, (ii) any such information is required to be disclosed by a Governmental Entity of competent jurisdiction or (iii) any such information was or becomes available to Seller on a non-confidential basis and from a source (other than a party to this Agreement or any Representative of such party) that is not bound by a confidentiality agreement. Seller shall instruct its Representatives having access to such information of such obligation of confidentiality.

SECTION 5.7 Further Assurances. At any time and from time to time after the Closing Date, the parties hereto agree to (a) furnish upon request to each other such further assurances, information, documents, instruments of transfer or assignment, files and books and records, (b) promptly execute, acknowledge, and deliver any such further assurances, documents, instruments of transfer or assignment, files and books and records, and (c) do all such further acts and things, all as such other party may reasonably request for the purpose of carrying out the intent of this Agreement and the Ancillary Agreements and the documents referred to herein and therein.

SECTION 5.8 Notifications. Between the date of this Agreement and the Closing Date, each party hereto shall promptly notify the other parties hereto in writing if such party becomes aware of any fact or condition that causes or constitutes a breach of any of that party's representations and warranties as of the date of this Agreement, or becomes aware of the occurrence after the date of this Agreement of any fact or condition that could (except as expressly contemplated hereby) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition or could have the result of materially delaying or preventing the closing. Should any such fact or condition require any change in the Disclosure Schedule if the Disclosure Schedule were dated the date of the occurrence or discovery of any such fact or condition, Seller shall promptly deliver to Buyer a supplement to the Disclosure Schedule

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specifying such change. During the same period, each party hereto shall promptly notify the other parties hereto of the occurrence of any breach of any covenant, agreement, undertaking or obligation in this Agreement or of the occurrence of any event that may make the satisfaction of the conditions in Section 6.1 or Section 6.2 hereof impossible. No supplement to the Disclosure Schedule or notification to Seller or Buyer made pursuant to the requirements of this Section 5.8 shall have any effect for the purpose of determining the satisfaction of the conditions in Section 6.1 or Section 6.2 hereof or for the purpose of determining the right of Buyer to claim or obtain indemnification from Seller under Section 9.2 hereof or for the purpose of determining the right of Seller to claim or obtain indemnification from Buyer under Section 9.3 hereof.

SECTION 5.9 Non-Competition; Non-Solicitation.

(a) Non-Competition. In consideration of the benefits of this Agreement to Seller and in order to induce Buyer to enter into this Agreement, Seller hereby covenants and agrees that for a period of three (3) years following the Closing Date neither it nor any of its Subsidiaries or Related Persons shall, without the prior written consent of Buyer, directly or indirectly (i) do anything to cause or encourage any officer, director, employee, consultant, agent or broker of the Company to terminate or sever his or her employment or other relationship with the Company for the purpose of competing with or proposing to compete with the Company, or for the purpose of damaging the Company in any way, (ii) do anything to cause or encourage any customer to terminate, modify or fail to review any Contract or other relationship with the Company, (iii) contact or otherwise act in concert with, for purposes of competing, directly or indirectly, or aiding another to compete, directly or indirectly, with the Business or of damaging the Company in any way, any Person that became known to Seller or the Company, or their respective Subsidiaries and Related Persons, by or through the Business or whose name or business was obtained by or from the Company, or (iv) engage in, have an interest in, or provide advice or assistance to any business in the Restricted Area (as defined in Section 5.9(b) hereof), which competes with the Business, if at the time of such proposed activity by Seller, the Company is engaged in or as of the Closing Date had developed or had been actively developing such business. Seller specifically agrees that this covenant is an integral part of the inducement of Buyer to purchase the Shares and that Buyer (or its successors or assigns) shall be entitled to injunctive relief in addition to all other legal and equitable rights and remedies available to it in connection with any breach by Seller of any provision of this Section 5.9 and that, notwithstanding the foregoing, no right, power or remedy conferred upon or reserved or exercised by Buyer in this Section 5.9 is intended to be exclusive of any other right, power or remedy, each and every one of which (now or hereafter existing at law, in equity, by statute or otherwise) shall be cumulative and concurrent.

(b) Restricted Area. The covenants contained in Section 5.9(a) hereof shall be construed as a series of separate covenants, one for each county or state of the United States of America and one for each country in which the Company conducted, or was planning to conduct, business on or prior to the Closing Date (together, the "Restricted Area").

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(c) Non-Solicitation. Seller hereby covenants and agrees that for a period of three (3) years following the Closing Date neither it nor any of its Subsidiaries or Related Persons shall, without the prior written consent of Buyer, directly or indirectly, solicit for employment or hire any current employee, agent or broker of the Company.

(d) Notwithstanding the foregoing, if Jason Kulpa's employment relationship with the Company is terminated by the Company without cause or by Mr. Kulpa for Good Reason (as such terms are defined in the Employment Agreement) then the covenants of Section 5.9(a) and Section 5.9(b) hereof shall only apply until the earlier of: (i) one year following the date of termination of his employment and (ii) three years after the Closing Date.

(e) For purposes of this Agreement, the term "Related Person" shall mean, with respect to any Person, (i) any Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person, and (ii) each Person that serves as a director, officer, partner, executor, or trustee of such Person (or in any other similar capacity.

SECTION 5.10 Employee Benefit Plans. Buyer shall, or shall cause the Company to, provide for employees of the Company who are employed by the Company after the Closing Date to be eligible for participation in a common stock incentive plan for up to 10% of the Company's issued and outstanding common stock.

SECTION 5.11 Ancillary Agreements. Seller shall, and shall cause the Company, as appropriate, to execute, deliver and perform (at the Closing) their respective obligations under each Ancillary Agreement.

SECTION 5.12 Expenses.

(a) Except as otherwise expressly provided herein, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such expense. Without limiting the generality of the foregoing, and except as otherwise provided herein, each party shall pay all legal, accounting and investment banking fees, and other fees to consultants and advisors incurred by it, relating to this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby. Seller shall cause the Company not to incur any out-of-pocket expenses in connection with this Agreement, other than in an amount not to exceed $20,000. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by another party. Buyer shall be liable for all transfer taxes arising from the sale of the Shares.

(b) Buyer shall reimburse Seller for the reasonable out-of-pocket expenses relating to the audit of the 2005 Financial Statements.

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SECTION 5.13 Governance. Buyer shall use its reasonable best efforts to have Jason Kulpa and one other nominee of Seller admitted to Buyer's Board of Directors as promptly as practicable after the Closing.

SECTION 5.14 Redemption of Stock Options and SARs. All stock options and stock appreciation rights of the Company shall at the Closing be cancelled and each holder of such securities of the Company, identified on Exhibit E hereto, shall receive from the Company an amount (without interest and subject to any required tax withholding) in cash equal to the amount set forth opposite such holder's name on Exhibit E.

ARTICLE VI

CONDITIONS TO CLOSING

SECTION 6.1 Conditions to Obligations of Buyer. The obligation of Buyer to consummate the Stock Purchase and to take the other actions to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived in whole or in part by Buyer):

(a) Representations and Warranties. Each of the representations and warranties of Seller set forth in this Agreement shall in each case be true and correct in all material respects (if not qualified by "materiality" or "Material Adverse Effect") and in all respects (if qualified by "materiality" or "Material Adverse Effect") as of the date of this Agreement and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date, without giving effect to any supplement to the Disclosure Schedule (delivered to Buyer in accordance with Section 5.10 hereof).

(b) Covenants. All of the covenants, agreements, undertakings and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of the covenants, agreements, undertakings and obligations (considered individually), shall have been duly performed in all material respects and substantially complied with. Seller must have delivered to Buyer each of the documents required to be delivered by Seller pursuant to Section 2.2 hereof.

(c) Officer's Certificate. Seller shall have delivered to Buyer a certificate, dated as of the Closing Date and signed by a senior executive officer or officers of Seller, representing that the conditions referred to in Sections 6.1(a) and 6.1(b) hereof have been satisfied.

(d) Secretary's Certificate. Buyer shall have received copies of the resolutions of the Board of Directors (or other similar governing body) of each of Seller and the Company, authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party. Buyer also shall have received certificates of the secretary or assistant secretary of Seller and the Company, dated as of the Closing Date, to the effect that such resolutions were duly adopted and are in full

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force and effect, that each officer of each of Seller and the Company who executed and delivered this Agreement, any Ancillary Agreement and any other document delivered in connection with the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement was, at the respective times of such execution and delivery and is now duly elected or appointed, qualified and acting as such officer, and that the signature of each such officer appearing on such document is his genuine signature, together with copies of the Articles or Certificate of Incorporation and By-laws (or equivalent documents) of Seller and the Company certified by such officers.

(e) Financial Statements. Buyer shall have received copies of the Financial Statements prior to Closing.

(f) No Action or Order. No Action or Order shall be issued, pending or threatened which (i) involves a challenge to or seeks to or does prohibit, prevent, restrain, restrict, delay, make illegal or otherwise interfere with the consummation of any of the transactions contemplated hereby, (ii) seeks or imposes damages in connection with the consummation of any of the transactions contemplated hereby, (iii) questions the validity or legality of any of the transactions contemplated hereby, or (iv) seeks to impose conditions upon the ownership or operations of the Company or the operations of Buyer or any Related Person of Buyer.

(g) Receipt of Shares. Buyer shall have received from Seller a certificate or certificates evidencing all of the then issued and outstanding Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer, with all signatures properly guaranteed by a commercial bank and with any requisite stock transfer tax stamps properly affixed thereto. There shall not have been made or threatened by any Person any claim asserting that such Person (i) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any stock of, or any other voting, equity, or ownership interest in, the Company, or (ii) is entitled to all or any portion of the Purchase Price payable for the Shares.

(h) Consents. Each of the Consents set forth in Schedule 3.4 and Schedule 3.5 of the Disclosure Schedule or otherwise required for consummation of the transactions contemplated by this Agreement shall have been obtained and are in full force and effect.

(i) No Material Adverse Effect. There shall not have occurred any change on the condition (financial or otherwise), properties, business, operations, assets, or results of operations of the Company since the 2006 Balance Sheet that is reasonably likely to constitute a Material Adverse Effect on the Company, and no event has occurred or circumstance exists that is reasonably likely to result in such a Material Adverse Effect.

(j) Employment Agreements, Non-Compete and Non-Solicitation Agreements, Etc. Seller shall have delivered to Buyer Non-Compete and Non-Solicitation Agreements (the "Non-Compete and Non-Solicitation Agreements") employment agreements and related agreements, in substantially the forms attached as

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Exhibit D hereto, or otherwise in form and substance reasonably satisfactory to Buyer, executed by each person listed on Exhibit C hereto, and such agreements shall be in full force and effect.

(k) Stock Option Redemption Agreements. Seller shall have delivered to Buyer stock option redemption agreements executed by each person listed on Exhibit E hereto, in form and substance reasonably satisfactory to Buyer, and such agreements shall be in full force and effect.

(l) Application of Escrow Amount. Seller shall have delivered to Buyer a written direction, in form and substance reasonably satisfactory to Buyer, executed by Seller and addressed to the escrow agent, directing the escrow agent to release the funds held under the Escrow Agreement, as part of the Purchase Price.

(m) Iakona Consulting Agreement. Buyer shall have received evidence reasonably satisfactory to it that (i) all agreements, oral or otherwise, between Iakona and the Company pursuant to which Iakona is entitled to receive any portion of the profits of the Company (other than pursuant to its equity holdings in the Company) have been terminated and (ii) no payments are due and owing by the Company thereunder.

(n) Other Documentation. Buyer shall have received such other documents, certificates, opinions or statements as Buyer may reasonably request.

SECTION 6.2 Conditions to Obligations of Seller. The obligation of Seller to consummate the Stock Purchase and to take the other actions to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived in whole or in part by Seller):

(a) Representations and Warranties. Each of the representations and warranties of Buyer set forth in this Agreement shall in each case be true and correct in all material respects (if not qualified by "materiality" or "Material Adverse Effect") and in all respects (if qualified by "materiality" or "Material Adverse Effect") as of the date of this Agreement and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date

(b) Covenants. All of the covenants, agreements, undertakings and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of the covenants, agreements, undertakings and obligations (considered individually), shall have been duly performed in all material respects and substantially complied with. Buyer must have delivered to Seller each of the documents required to be delivered by Buyer pursuant to Section 2.3 hereof.

(c) Officer's Certificate. Buyer shall have delivered to Seller a certificate, dated as of the Closing Date and signed by a senior executive officer or officers of Buyer, representing that the conditions referred to in Sections 6.2(a) and 6.2(b) hereof have been satisfied.

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(d) Secretary's Certificate. Seller shall have received copies of the resolutions of the Board of Directors (or other similar governing body) of Buyer authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party. Seller also shall have received a certificate of the secretary or assistant secretary of Buyer dated as of the Closing Date, to the effect that such resolutions were duly adopted and are in full force and effect, that each officer of Buyer who executed and delivered this Agreement, any Ancillary Agreement and any other document delivered in connection with the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement was at the respective times of such execution and delivery and is now duly elected or appointed, qualified and acting as such officer, and that the signature of each such officer appearing on such document is his genuine signature, together with copies of the Articles or Certificate of Incorporation and By-laws (or equivalent documents) of Buyer certified by such officer.

(e) Investor Rights Agreement. Buyer shall have delivered to Seller an executed Investor Rights Agreement, in the form attached hereto as Exhibit F, and such agreement shall be in full force and effect.

(f) Payment of Purchase Price. Seller shall have received from Buyer the Purchase Price.

(g) Stock Purchase by OTCBB Company. Buyer shall have chosen an OTCBB Company reasonably acceptable to Seller through which Buyer shall at the Closing effect the Stock Purchase, provided that the parties acknowledge and agree that (i) as a result of certain actions by the U.S. Securities and Exchange Commission, Michael Crow is, among other things, permanently prohibited from acting as an officer or director of a public company and (ii) the contemplated consummation of the Stock Purchase through an OTCBB Company is subject to, and must fully comply with, such prohibitions. All of the issued and outstanding shares of Buyer are owned by MW Crow Family LP. Michael Crow is the general partner of MC Crow Family LP. Buyer agrees, and shall cause Michael Crow to agree, that Michael Crow will not serve as an officer or director of the OTCBB Company and otherwise comply with the foregoing SEC prohibition with respect to the OTCBB Company. For purposes of this Agreement, "OTCBB Company" shall mean a company whose securities are listed on the OTCBB, and "OTCBB" shall mean the Over-The-Counter Bulletin Board, an electronic quotation system that displays real-time quotes, last-sale prices, and volume information for over-the-counter securities that are not listed on The Nasdaq Stock Market or a national securities exchange.

ARTICLE VII

TAX MATTERS

SECTION 7.1 Liability for Taxes and Related Matters.

(a) Subject to Article IX, Seller shall be liable for and shall indemnify Buyer and the Company for all Taxes (including, without limitation, any obligation to contribute to the payment of a Tax determined on a consolidated, combined or unitary

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basis with respect to a group of corporations that includes or included the Company and Taxes resulting from the Company ceasing to be a member of any affiliated, combined or consolidated group of which the Company is now a member or attributable to the election to be made under Section 338(h)(10) of the Code and any state, local or foreign law equivalents) (i) imposed on the Company, or for which the Company may otherwise be liable, for any Pre-Closing Tax Period, or (ii) imposed on any corporation (other than the Company) that was a member of an affiliated, combined or consolidated group of which the Company was a member prior to the Closing Date, for any Pre-Closing Tax Period. Seller's liability under this Article VII shall exclude any Taxes including any transfer or similar taxes under Section 7.1(f), resulting from the Buyer or the Company (i) liquidating or reorganizing the Company effective as of a date ending on or before the Closing Date; or (ii) making an election under Section 338 (or any Regulations promulgated thereunder), and under any corresponding provision of state or local law, to treat the Buyer's purchase of the Shares from Seller as a deemed sale or liquidation of the Company's assets and Business. Except as set forth in Section 7.1(d) hereof, Seller shall be entitled to any refund of Taxes of the Company (net of Taxes payable by the Company thereon) received in respect of any Pre-Closing Tax Period, except to the extent that such refund is reflected as an asset on the Balance Sheet.

(b) Buyer shall be liable for and shall indemnify Seller for all Taxes of the Company (other than Taxes for which Seller is responsible pursuant to Section 7.1(a) hereof) for any Post-Closing Tax Period. Buyer shall be entitled to any refund of Taxes of the Company received in respect of any Post-Closing Tax Period.

(c) Whenever it is necessary for purposes of this Section 7.1 to determine the liability for Taxes of the Company for a taxable year or period that begins on or before and ends after the Closing Date, the determination shall be made by assuming that the Company had a taxable year or period which ended at the close of business on the Closing Date, except that exemptions, allowances or deductions that are calculated on an annual basis (such as the deduction for depreciation) shall be apportioned on a *per diem* basis.

(d) If Seller becomes entitled to a refund or credit of Taxes for any Pre-Closing Tax Period, and such refund or credit is attributable solely to the carryback of losses, credits or similar items attributable to the Company for a Post-Closing Tax Period, Seller shall promptly pay to Buyer the amount of such refund or credit together with any interest thereon according to Law. In the event that any refund or credit of Taxes for which a payment has been made hereunder is subsequently reduced or disallowed as a result of an adjustment to the Company's Taxes for a Pre-Closing Tax Period, Buyer shall indemnify and hold harmless Seller for any Tax liability, including interest and penalties, assessed against Seller by reason of the reduction or disallowance.

(e) Any payment by Buyer to Seller, or by Seller to Buyer, under this Agreement (other than interest payments) shall be treated by the parties as an adjustment to the Purchase Price paid to or received by such party, as the case may be.

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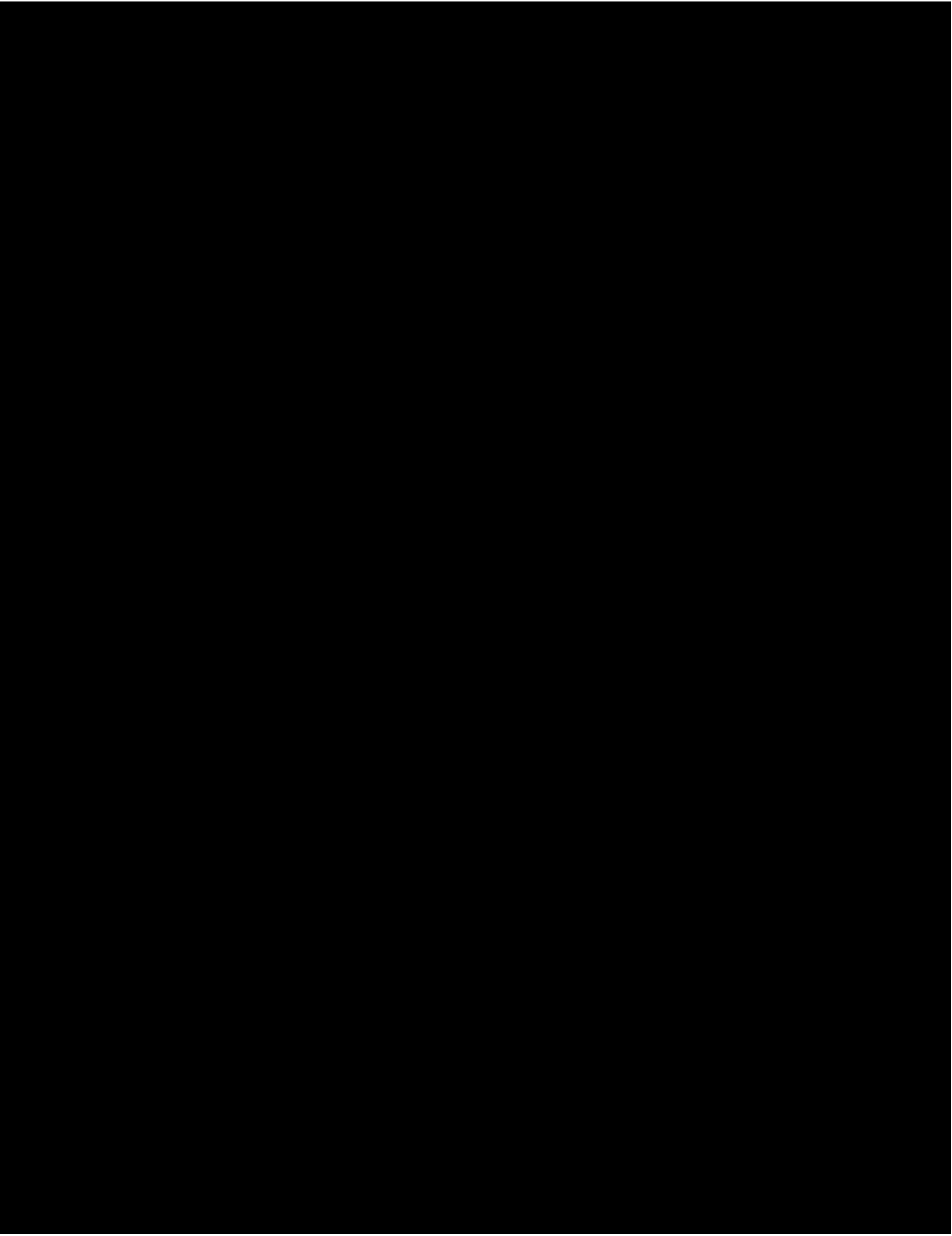

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relieve Seller of its obligations under this Agreement except to the extent that Seller demonstrates that it is materially prejudiced by Buyer's failure to give such notice. Seller shall have the sole right to represent the Company's interests in any audit or administrative or court proceeding relating to taxable periods ending on or before the Closing Date, and to employ counsel of its choice at its expense; provided that Buyer shall be given notice of, and have the right to monitor all proceedings and to review in advance and comment on all submissions made by Seller in connection therewith. Notwithstanding the foregoing, Seller shall not be entitled to settle, either administratively or after the commencement of litigation, any claim for Taxes which would adversely affect the liability for Taxes of Buyer or the Company for any period after the Closing Date to any extent (including, but not limited to, the imposition of income tax deficiencies, the reduction of asset basis or cost adjustments, the lengthening of any amortization or depreciation periods, the denial of amortization or depreciation deductions, or the reduction of loss or credit carryforwards) without the prior written consent of Buyer. Such consent shall not be unreasonably withheld or delayed and shall not be necessary to the extent that Seller has indemnified Buyer against the effects of any such settlement.

(b) Seller shall be entitled to participate at its own expense in the defense of any claim for Taxes for a year or period ending after the Closing Date which may be the subject of indemnification by Seller pursuant to Section 7.1(a) hereof and, with the written consent of Buyer, and at its sole expense, may assume the entire defense of such claim.

SECTION 7.4 Cooperation; Records.

(a) After the Closing Date, each of Seller and Buyer shall:

(i) assist (and cause their respective affiliates to assist) the other party as necessary in preparing any Tax Returns which such other party is responsible for preparing and filing in accordance with Section 7.2 hereof;

(ii) cooperate fully in preparing for any audits of, or disputes with taxing authorities regarding, any Tax Returns of the Company and in administering this Agreement;

(iii) make available to the other party and to any taxing authority as reasonably requested all books and records, documents, financial, operating and accounting data and other information relating to Taxes of the Company;

(iv) provide timely notice to the other party in writing of any pending or threatened audits or assessments of the Company for taxable periods for which the other party may have a liability under this Article VII;

(v) furnish the other party with copies of all correspondence received from any taxing authority in connection with any Tax audit or information request with respect to any such taxable period; and

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(vi) execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Article VII.

(b) Each of Seller, Buyer and its Subsidiaries and the Company shall retain or cause to be retained all Tax Returns, schedules, workpapers, and all material books and records or other documents relating thereto, until the expiration of the applicable statute of limitations (including any waivers or extensions thereof) for the taxable years to which such Tax Returns and other documents relate or as otherwise required by any record retention agreement with any taxing authority that relates to the Company. Prior to transferring, discarding or destroying any such Tax Returns, records or other documents relating to any Pre-Closing Tax Period, Seller shall notify Buyer and, if Buyer so requests, provide Buyer with the opportunity to take possession of such Tax Returns, records or documents solely at Buyer's expense.

SECTION 7.5 Disputes. If Seller and Buyer cannot agree on any calculation required to be made under this Article VII with respect to any Pre-Closing Tax Period, such calculation shall be made by an independent public accounting firm of national standing selected by Buyer and reasonably acceptable to Seller. The decision of such firm shall be final and binding, and the fees and expenses charged or incurred by it in connection with such calculation shall be shared equally by Seller and Buyer.

ARTICLE VIII

TERMINATION

SECTION 8.1 Termination. Notwithstanding anything in this Agreement to the contrary, this Agreement and the Stock Purchase contemplated hereby may, by written notice given at any time prior to the Closing, be terminated:

(a) by mutual written consent of Buyer and Seller;

(b) by either Buyer or Seller, without liability to the terminating party on account of such termination, if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to fully comply with its obligations hereunder) on or before January 15, 2008;

(c) by either Buyer or Seller, if a material breach of any provision of this Agreement has been committed by the other party and such breach has not been waived; provided, however, that termination pursuant to this Section 8.1(c) shall not relieve the breaching party of liability for such breach or otherwise;

(d) by either Buyer or Seller, if any Governmental Entity shall have issued, enacted, entered, promulgated or enforced any Order, or taken any other action restraining, enjoining or otherwise prohibiting the Stock Purchase or the consummation of any other transactions contemplated by this Agreement or any Ancillary Agreement; provided, that the right to terminate this Agreement pursuant to this Section 8.1(d) shall not be available to any party that has failed to fully comply with its obligations hereunder in any manner that shall have proximately contributed to the occurrence of such Order;

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(e) by Buyer, if any of the conditions set forth in Section 6.1 hereof has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Buyer to fully comply with its obligations hereunder) and Buyer has not waived such condition on or before the Closing Date; or

(f) by Seller, if any of the conditions set forth in Section 6.2 hereof has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Seller to fully comply with its obligations hereunder) and Seller has not waived such condition on or before the Closing Date.

SECTION 8.2 Effect of Termination.

(a) In the event of the termination and abandonment of this Agreement pursuant to Section 8.1 of this Agreement, this Agreement (other than Section 5.6 (Confidentiality), Section 5.13 (Expenses), Section 10.5 (Governing Law) and Section 10.6 (Consent to Jurisdiction; Waiver of Jury Trial) hereof and the Confidentiality Agreement between DC Associates, LLC and the Company, dated August 26, 2007 (the "Confidentiality Agreement"), which shall remain in full force and effect) shall forthwith become null and void and no party hereto (or any of their respective Representatives or Related Persons) shall have any Liability or further obligation to any other party hereto, except as provided in this Section 8.2; provided, however, that if this Agreement is terminated by a party because of the breach of this Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to fully comply with its obligations under this Agreement, the terminating party's rights to pursue all legal remedies will survive such termination unimpaired.

(b) In addition to, and notwithstanding, any legal remedies that any party hereto may be entitled to pursue, (i) Seller shall be entitled to the full amount held in escrow under the terms of the Escrow Agreement in the event that this Agreement is terminated pursuant to Section 8.1(a), (b), (d), (e) or (f), (ii) Seller shall be entitled to the full amount held in escrow under the terms of the Escrow Agreement in the event that this Agreement is terminated by Seller pursuant to Section 8.1(c), and (iii) Buyer shall be entitled to the full amount held in escrow under the terms of the Escrow Agreement in the event that this Agreement is terminated by Buyer pursuant to Section 8.1(c).

ARTICLE IX

INDEMNIFICATION; REMEDIES

SECTION 9.1 Survival. Notwithstanding (a) any investigation or examination conducted with respect to, or any knowledge acquired (or capable of being acquired) about the accuracy or inaccuracy of or compliance with, any representation, warranty, covenant, agreement, undertaking or obligation made by or on behalf of the parties hereto, (b) the waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant, agreement, undertaking or obligation, or (c) the Closing hereunder:

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(i) All of the representations and warranties of the parties contained in this Agreement, any Ancillary Agreement, the Disclosure Schedule, and any other certificate or document delivered pursuant to this Agreement or any Ancillary Agreement shall survive the Closing until twenty-four (24) months after the Closing Date, except for the representations and warranties contained in (A) Section 3.2 (Capitalization), Section 3.16 (Environmental Matters) and Section 3.24 (Disclosure) (as it relates to the foregoing Sections), each of which shall survive the execution and delivery of this Agreement and the Closing indefinitely, (B) Section 3.9 (Taxes), which shall survive the execution and delivery of this Agreement and the Closing until the expiration of all relevant statutes of limitations, and (C) Section 3.12 (Compliance with Laws; Governmental Authorizations; etc.) and Section 3.24 (Disclosure) (as it relates to the foregoing Section), which shall survive the execution and delivery of this Agreement and the Closing until thirty-six (36) months after the Closing Date.

(ii) All of the covenants, agreements, undertakings and obligations of the parties contained in this Agreement, any Ancillary Agreement, the Disclosure Schedule, and any other certificate or document delivered pursuant to this Agreement shall survive until fully performed or fulfilled, unless non-compliance with such covenants, agreements, undertakings or obligations is waived in writing by the party or parties entitled to such performance.

No claim for indemnification, reimbursement or any other remedy pursuant to Sections 9.2 or 9.3 hereof may be brought with respect to breaches of representations or warranties contained herein after the applicable expiration date set forth in clause (i) of this Section 9.1; provided, however, that if, prior to such applicable date, a party hereto shall have notified the other party hereto in writing of a claim for indemnification under this Article IX (whether or not formal legal action shall have been commenced based upon such claim), such claim shall continue to be subject to indemnification in accordance with this Article IX notwithstanding such expiration date.

SECTION 9.2 Indemnification and Reimbursement by Seller. Subject to Section 7.1 hereof, Seller shall indemnify and hold harmless Buyer and the Company and their respective successors, assigns, stockholders, controlling Persons, Related Persons and the Representatives of each of them (collectively, the "Buyer Indemnified Persons") from and against, and shall reimburse the Buyer Indemnified Persons for, any and all losses, Liabilities, Actions, deficiencies, diminution of value, expenses (including costs of investigation and defense and reasonable attorneys' and accountants' fees and expenses), or damages of any kind or nature whatsoever, whether or not involving a third-party claim (collectively, "Damages"), incurred thereby or caused thereto, directly or indirectly, based on, arising out of, resulting from, relating to, or in connection with (but in each case excluding the amount of any such Damages to the extent indemnification for such Damages is provided pursuant to Section 7.1 hereof):

(a) Any breach of or inaccuracy in any representation or warranty made by Seller in this Agreement, any Ancillary Agreement, the Disclosure Schedule, or any other certificate or document delivered by, or on behalf of, Seller pursuant to this Agreement or any Ancillary Agreement, other than those, if any, that have been waived in writing by Buyer.

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(b) Any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation of Seller or the Company set forth in this Agreement or any Ancillary Agreement, other than those, if any, that have been waived in writing by Buyer.

For purposes of this Article IX and for purposes of determining whether Buyer is entitled to indemnification from Seller pursuant to Section 9.2(a) or Section 9.2(b) hereof, any breach of or inaccuracy in any representation or warranty of Seller shall be determined without regard to any materiality qualifications set forth in such representation or warranty, and all references to the terms "material", "materially", "materiality", "Material Adverse Effect" or any similar terms shall be ignored for purposes of determining whether such representation or warranty was true and correct when made.

SECTION 9.3 Indemnification and Reimbursement by Buyer and Duncan Capital. Subject to Section 7.1 hereof, Buyer and Duncan Capital shall indemnify and hold harmless Seller from and against, and shall reimburse Seller for, any and all Damages incurred thereby or caused thereto, directly or indirectly, based on, arising out of, resulting from, relating to, or in connection with (but in each case excluding the amount of any such Damages to the extent indemnification for such Damages is provided pursuant to Section 7.1 hereof):

(a) Any breach of or inaccuracy in any representation or warranty made by Buyer in this Agreement, any Ancillary Agreement or any other certificate or document delivered by, or on behalf of, Buyer pursuant to this Agreement or any Ancillary Agreement, other than those, if any, that have been waived in writing by Seller;

(b) Any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation of Buyer set forth in this Agreement or any Ancillary Agreement, other than those, if any, that have been waived in writing by Seller.

For purposes of this Article IX and for purposes of determining whether Seller is entitled to indemnification from Buyer pursuant to Section 9.3(a) or Section 9.3(a) hereof, any breach of or inaccuracy in any representation or warranty of Seller shall be determined without regard to any materiality qualifications set forth in such representation or warranty, and all references to the terms "material", "materially", "materiality", "Material Adverse Effect" or any similar terms shall be ignored for purposes of determining whether such representation or warranty was true and correct when made.

SECTION 9.4 Limitations on Amount - Seller.

(a) Seller shall not be liable for Damages arising in connection with its indemnification obligations under Section 9.2 hereof until the amount of such Damages exceeds $100,000 in the aggregate. If the aggregate amount of such Damages exceeds $100,000, Seller shall be liable for all such Damages in excess of $100,000.

(b) Notwithstanding anything to the contrary contained herein, except for Damages based on, arising out of, resulting from, or relating to any breach of the representations and warranties contained in Section 3.2 (Capitalization), Section 3.16 (Environmental Matters), Section 3.18 (Brokers and Finders) or Section 3.24 (Disclosure)

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(as it relates to the foregoing Sections), Seller shall have no liability for Damages under Section 9.2 in excess of $2,000,000 in the aggregate.

(c) Notwithstanding any other provision of this Agreement, for purposes of indemnification liability with respect to Damages based on, arising out of, resulting from, or relating to any breach of the representations and warranties contained in Section 3.19 (No Undisclosed Liabilities), or fraud on the part of Seller, there shall be no limit on the amount of Damages for which Seller may be liable.

(d) The limitations set forth in this Section 9.4 will not apply to any breach of any of Seller's representations and warranties herein (as modified by the Disclosure Schedule) or in any document contemplated hereby of which either Seller or the Company had Knowledge at anytime prior to the date on which such representation and warranty is made or any intentional or willful breach by either Seller or the Company of any covenant, agreement, undertaking or obligation, and Seller shall be liable for all Damages with respect to such breach or breaches.

SECTION 9.5 Limitations on Amount - Buyer.

(a) Buyer shall not be liable for Damages arising in connection with its indemnification obligations under Section 9.3 hereof until the amount of such Damages exceeds $100,000 in the aggregate. If the aggregate amount of such Damages exceeds $100,000, Buyer shall be liable for all such Damages in excess of $100,000.

(b) Notwithstanding anything to the contrary contained herein, Buyer shall have no liability for Damages under this Article IX in excess of $1,000,000 in the aggregate.

(c) The limitations set forth in this Section 9.5 will not apply to any breach of any of Buyer's representations and warranties of which Buyer had knowledge at any time prior to the date on which such representation and warranty is made or any intentional breach by Buyer of any covenant, agreement, undertaking or obligation, and Buyer shall be liable for all Damages with respect to such breach or breaches.

SECTION 9.6 Indemnity Regarding Vaschetto Agreement. Seller shall indemnify and hold harmless each Buyer Indemnified Party from and against, and shall reimburse each Buyer Indemnified Party for, any and all Damages incurred thereby or caused thereto, directly or indirectly, based on, arising out of, resulting from, relating to, or in connection with, the agreement, among Valentino Vaschetto, Valsoft Corp and Ad Authority Incorporated, dated June 2, 2005.

SECTION 9.7 Notice and Payment of Claims.

(a) Notice. The party entitled to indemnification pursuant to this Article IX (the "Indemnitee") shall notify the party liable for indemnification pursuant to this Article IX (the "Indemnifying Party") within a reasonable period of time after becoming aware of, and shall provide to the Indemnitee as soon as practicable thereafter all information and documentation necessary to support and verify, any Damages that the Indemnitee

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shall have determined to have given or may give rise to a claim for indemnification hereunder, and the Indemnifying Party shall be given access to all books and records in the possession or under the control of the Indemnitee which the Indemnifying Party reasonably determines to be related to such claim. Notwithstanding the foregoing, the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any Liability that it may have to any Indemnitee, except to the extent that the Indemnifying Party demonstrates that it is prejudiced by the Indemnitee' s failure to give such notice.

(b) Payment. In the event an action for indemnification under this Article IX shall have been finally determined, such final determination shall be paid to Seller or Buyer, as the case may be, within two (2) Business Days in immediately available funds in U.S. dollars. An action, and the liability for and amount of Damages therefor, shall be deemed to be "finally determined" for purposes of this Article IX when the parties to such action have so determined by mutual agreement or, if disputed, when a final non-appealable Order shall have been entered.

(c) Interest. Any amounts not paid when due pursuant to this Article IX shall bear interest from the date thereof until the date paid at a rate equal to the prime lending rate prevailing during such period as published in The Wall Street Journal, calculated on a daily basis.

SECTION 9.8 Procedure for Indemnification - Third Party Claims. Except with respect to indemnification for Taxes which is covered by Article VII:

(a) Upon receipt by an Indemnitee of notice of the commencement of any Action by a third party (a "Third Party Claim") against it, such Indemnitee shall, if a claim is to be made against an Indemnifying Party under this Article IX, give notice to the Indemnifying Party of the commencement of such Third Party Claim as soon as practicable, but in no event later than ten (10) days after the Indemnitee shall have been served, but the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any Liability that it may have to any Indemnitee, except to the extent that the Indemnifying Party demonstrates that the defense of such Third Party Claim is prejudiced by the Indemnitee's failure to give such notice.

(b) If a Third Party Claim is brought against an Indemnitee and it gives proper notice to the Indemnifying Party of the commencement of such Third Party Claim, the Indemnifying Party will be entitled to participate in such Third Party Claim (unless (i) the Indemnifying Party is also a party to such Third Party Claim and the Indemnitee provides the Indemnifying Party with written advice of outside counsel to the Indemnitee to the effect that there are or may be legal defenses available to the Indemnitee which are different from or additional to those available to the Indemnifying Party which, if the Indemnitee and the Indemnifying Party were to be represented by the same counsel, would constitute a conflict of interest for such counsel or prejudice the prosecution of the defenses available to such Indemnitee, or (ii) the Indemnifying Party fails to provide reasonable assurance to the Indemnitee of its financial capacity to defend such Third Party Claim and provide indemnification with respect to such Third Party Claim) and, to the extent that it elects to assume the defense of such Third Party Claim with counsel

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satisfactory to the Indemnitee and provides notice to the Indemnitee of its election to assume the defense of such Third Party Claim, the Indemnifying Party shall not, as long as it legitimately conducts such defense, be liable to the Indemnitee under this Article IX for any fees of other counsel or any other expenses with respect to the defense of such Third Party Claim, in each case subsequently incurred by the Indemnitee in connection with the defense of such Third Party Claim, other than reasonable costs of investigation.

If the Indemnifying Party assumes the defense of a Third Party Claim, (i) it shall be conclusively established for purposes of this Agreement that the claims made in such Third Party Claim are within the scope of and subject to indemnification; (ii) no compromise, discharge or settlement of, or admission of Liability in connection with, such claims may be effected by the Indemnifying Party without the Indemnitee's written consent (which consent shall not be unreasonably withheld or delayed) unless (A) there is no finding or admission of any violation of Law or any violation of the rights of any Person and no effect on any other claims that may be made against the Indemnitee, and (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party; (iii) the Indemnifying Party shall have no Liability with respect to any compromise or settlement of such claims effected without its written consent; and (iv) the Indemnitee shall cooperate in all reasonable respects with the Indemnifying Party in connection with such defense, and shall have the right to participate, at the Indemnitee's sole expense, in such defense, with counsel selected by it. If proper notice is given to an Indemnifying Party of the commencement of any Third Party Claim and the Indemnifying Party does not, within ten (10) days after the Indemnitee's notice is given, give notice to the Indemnitee of its election to assume the defense of such Third Party Claim (or if the Indemnitee is not entitled to assume such defense pursuant to the first paragraph of this subsection (b)), the Indemnifying Party shall be bound by any determination made in such Third Party Claim or any compromise or settlement effected by the Indemnitee, and the Indemnifying Party shall be responsible for the reasonable fees and expenses of counsel employed by the Indemnitee, which shall be promptly reimbursed for any such fees and expenses, as and when incurred.

(c) Notwithstanding the foregoing, if an Indemnitee determines in good faith that there is a reasonable probability that a Third Party Claim may adversely affect it or its Related Persons other than as a result of monetary damages for which it could be entitled to indemnification under this Agreement, the Indemnitee may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise, or settle such Third Party Claim.

SECTION 9.9 Tax Effect of Indemnification Payments. Seller and Purchaser agree that any payment made under Article IX hereof will be treated by the parties on their Tax returns as an adjustment to the Purchase Price.

SECTION 9.10 Remedies not Exclusive. The rights accorded to any Indemnitee hereunder shall be in addition to any rights that any Indemnitee may have at law or in equity, under foreign, federal and state securities Laws, by separate agreement or otherwise.

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ARTICLE X

MISCELLANEOUS

SECTION 10.1 Assignments; Successors; No Third Party Rights. Neither party may assign any of its rights under this Agreement (including by merger or other operation of law) without the prior written consent of the other parties hereto (which may not be unreasonably withheld or delayed), and any purported assignment without such consent shall be void, except that Seller hereby agrees that Buyer may assign all of its rights and obligations under this Agreement to a Related Person of Buyer including to a OTCBB Company. Without limiting the foregoing, on or prior to the Closing Date, Buyer shall cause the OTCBB Company selected to consummate the Closing to sign an amendment or addendum to this Agreement providing that the OTCBB Company shall be bound by the terms and conditions herein as if it was an original party hereto in order that Seller may realize the benefits negotiated hereunder, which amendment or addendum shall be in form and substance reasonably acceptable to Buyer and Seller. Upon Buyer's sale, disposition or other transfer, in whole or in part, of the Business or assets or properties of the Company, Seller hereby agrees that Buyer may assign, in whole or in part, any of Buyer's indemnification rights related thereto set forth in Section 7.1 or Article IX hereof, without the consent of Seller. Subject to the foregoing, this Agreement and all of the provisions hereof shall apply to, be binding upon, and inure to the benefit of the parties hereto and their successors and permitted assigns and the parties indemnified pursuant to Article IX hereof. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the parties hereto any rights or remedies of any nature whatsoever under or by reason of this Agreement or any provision of this Agreement, other than any Person entitled to indemnity under Article IX hereof. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and any Person entitled to indemnity under Article IX hereof and their successors and permitted assigns.

SECTION 10.2 Entire Agreement. This Agreement, including the Disclosure Schedule and Exhibits hereto, the Ancillary Agreements and the other agreements and written understandings referred to herein, and the Confidentiality Agreement constitute the entire agreement and understanding and supersede all other prior covenants, agreements, undertakings, obligations, promises, arrangements, communications, representations and warranties, whether oral or written, by any party hereto or by any director, officer, employee, agent, Related Person or Representative of any party hereto.

SECTION 10.3 Amendment or Modification. This Agreement may be amended or modified only by written instrument signed by all of the parties hereto.

SECTION 10.4 Notices. All notices, requests, instructions, claims, demands, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given on the date delivered by hand or by courier service such as Federal Express, or by other messenger (or, if delivery is refused, upon presentment) or upon electronic confirmation of a facsimile transmission, or upon delivery by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses:

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(a) If to Buyer:

c/o Duncan Capital Partners, LLP
420 Lexington Avenue, Ste. 450
New York, New York 10155
Facsimile: (212) 581-5198
Attention: Michael Crow

With a copy (which copy shall not constitute notice) to:

Greenberg Traurig, LLP
Met Life Building
200 Park Avenue
New York, New York 10166
Facsimile: (212) 801-6400
Attention: Robert H. Cohen, Esq.

(b) If to Seller:

Iakona, Inc.
906 West Lewis
San Diego, CA 92103
Attention: Jason J. Kulpa

With a copy (which copy shall not constitute notice) to:

Rutter Hobbs & Davidoff Incorporated
1901 Avenue of the Stars, Suite 1700
Los Angeles, California 90067
Facsimile: (310) 286-1728
Attention: Andrew M. Apfelberg, Esq.

or to such other persons or addresses as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

SECTION 10.5 GOVERNING LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

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SECTION 10.6 CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK SOLELY IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT, AND IN RESPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, AND HEREBY WAIVE, AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION FOR THE INTERPRETATION OR ENFORCEMENT HEREOF OR OF ANY SUCH DOCUMENT, THAT IT IS NOT SUBJECT THERETO OR THAT SUCH ACTION MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SAID COURTS OR THAT THE VENUE THEREOF MAY NOT BE APPROPRIATE OR THAT THIS AGREEMENT OR ANY SUCH DOCUMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS, AND THE PARTIES HERETO IRREVOCABLY AGREE THAT ALL CLAIMS WITH RESPECT TO SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH A NEW YORK STATE OR FEDERAL COURT. THE PARTIES HEREBY CONSENT TO AND GRANT ANY SUCH COURT JURISDICTION OVER THE PERSON OF SUCH PARTIES AND OVER THE SUBJECT MATTER OF SUCH DISPUTE AND AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 10.4 HEREOF OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF.

(b) EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY DOCUMENT REFERRED TO IN THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.6.

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SECTION 10.7 Severability. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision or provisions or the remaining provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, unless such a construction would be unreasonable.

SECTION 10.8 Waiver of Conditions.

(a) To the extent permitted by applicable Law: (i) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (ii) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

(b) The rights and remedies of the parties hereto are cumulative and not alternative. Except where a specific period for action or inaction is provided herein, neither the failure nor any delay on the part of any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. The failure of a party to exercise any right conferred herein within the time required shall cause such right to terminate with respect to the transaction or circumstances giving rise to such right, but not to any such right arising as a result of any other transactions or circumstances.

SECTION 10.9 Actions of the Company. Whenever this Agreement requires the Company to take any action, such requirement shall be deemed to involve, with respect to actions to be taken at or prior to the Closing, an undertaking on the part of Seller to cause the Company to take such action.

SECTION 10.10 Descriptive Headings; Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning, construction or interpretation of, this Agreement. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

SECTION 10.11 Counterparts. For the convenience of the parties hereto, this Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

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SECTION 10.12 Knowledge. When references are made in this agreement of information being "to the knowledge of Seller or the Company" or similar language, such knowledge shall refer to the knowledge of the officers of Seller and the Company set forth in Schedule 10.12 of the Disclosure Schedule. Such individuals shall be deemed to have "knowledge" of a particular fact or other matter if: (a) such individual is actually aware of such fact or other matter; or (b) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter.

SECTION 10.13 Time is of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

SECTION 10.14 Definitions. The following terms have the meaning set forth in the sections set forth below:

Defined Terms	Location of Definition
Actions	§3.8(a)
Agreement	Introduction
Ancillary Agreement	§2.2(e)
Applicable Contract	§3.5(c)
Benefit Plans	§3.10(b)
Business	Recitals
Business Day	§1.3(a)
Buyer	Introduction
Buyer Indemnified Persons	§9.2
Closing	§2.1
Closing Date	§2.1
Code	§3.9(n)
Common Stock	Recitals
Company	Recitals
Company's Organizational Documents	§3.1(b)
Confidentiality Agreement	§8.2
Consents	§3.4
Contract	§3.5(c)
Copyrights	§3.20(a)(iii)
Damages	§9.2
Determination Date	§3.6(c)
Duncan Capital	Introduction
Environmental Law	§3.17(b)
Escrow Agreement	Recitals
Filings	§3.4
Financial Statements	§3.6(a)
GAAP	§3.6(b)
Governmental Authorization	§3.5

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Governmental Entity .... §3.4
Indemnifying Party .... §9.7(a)
Indemnitee .... §9.7(a)
Intellectual Property Assets .... §3.20(a)
Interim Balance Sheet .... §3.6(a)
Law .... §3.5
Leased Real Property .... §3.13(a)
Liability .... §3.19
Liens .... §3.2(b)
Marks .... §3.20(a)(ii)
Material .... Article III
Material Adverse Effect .... Article III
Non-Compete and Non-Solicitation Agreement .... §6.1(j)
Open Source Materials .... §3.20(f)
Order .... §3.5(d)
Ordinary Course of Business .... §3.7
OTCBB .... §6.2(g)
OTCBB Company .... §6.2(g)
Other Intangibles .... §3.20(a)(vi)
Patents .... §3.20(a)(i)
Person .... §3.2(c)
Post-Closing Tax Period .... §3.9(n)
Pre-Closing Tax Period .... §3.9(n)
Products .... §3.20(a)(vii)
Purchase Price .... §1.2
Real Property Leases .... §3.13(a)
Related Person .... §5.9(e)
Restricted Area .... §5.9(b)
Rights .... §3.20(a)(v)
Rightside .... §1.3(b)
Securities Act .... §3.15(a)(xii)
Seller .... Introduction
Services Agreement .... Introduction
Shares .... Recitals
Specified Employees .... Recitals
Stock Purchase .... §2.1
Tax .... §3.9(n)
Tax Return .... §3.9(n)
Third Party Claim .... §9.8(a)
Top Customers .... §3.14(a)
Trade Secrets .... §3.20(a)(iv)
Voting Debt .... §3.2(c)

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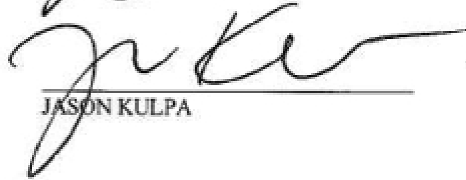
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers duly authorized as of the date first written above.

IAKONA, INC.

By____________________________

Name:

Title: CEO



JASON KULPA

ALL AD ACQUISITION INC.

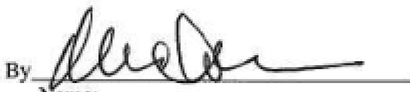
By____________________________

Name:

Title:

For purposes of Section 9.3 only,

DUNCAN CAPITAL PARTNERS LLC



By____________________________

Name:

Title:

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EXHIBIT A

FORM OF ESCROW AGREEMENT

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EXHIBIT B

FORM OF EMPLOYMENT AGREEMENT, ETC., FOR JASON KULPA

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EXHIBIT C

SPECIFIED EMPLOYEES

Ben Martin
William Huff
Jake Vale
Touvan Sugiarto
Tony Piretti
Cassidy Symons
Ryan Borton

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EXHIBIT D

FORM OF NON-COMPETE AND NON-SOLICITATION AGREEMENT, ETC.

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EXHIBIT E

REDEMPTION OF STOCK OPTIONS AND SARs

Name		
Ben Martin		$280,000
William Huff		160,000
Jake Vale		160,000
Touvan Sugiarto		50,000
Tony Piretti		22,500
Cassidy Symons		22,500
Ryan Borton		5,000
Ken Potashner		0[1]
	Total	$700,000

[1] Consideration for redemption included in fee contemplated on Schedule 3.18 of the Disclosure Schedule.

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EXHIBIT F

FORM OF INVESTOR RIGHTS AGREEMENT

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EXECUTION COPY

AMENDMENT TO STOCK PURCHASE AGREEMENT

This Amendment to Stock Purchase Agreement (this "Amendment"), dated as of January 11, 2008, is made by and among Iakona, Inc. ("Iakona"), Jason Kulpa ("Kulpa", and together with Iakona, "Seller") and All Ad Acquisition Inc. ("Buyer"). Each of Seller and Buyer are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, Seller and Buyer are parties to a Stock Purchase Agreement dated as of November 14, 2007 (the "Purchase Agreement") pursuant to which Seller shall sell to Buyer, and Buyer shall purchase from Seller, all of the issued and outstanding shares in the capital of Ad Authority, Inc. (the "Company");

WHEREAS, Section 10.3 of the Purchase Agreement allows amendment of the Purchase Agreement only by a written instrument duly executed by or on behalf of each Party thereto; and

WHEREAS, the Parties wish to amend the Purchase Agreement to extend the outside date of the Closing;

WHEREAS, Seller acknowledges that in consideration for Seller's execution of this Amendment, Buyer shall cause to be paid to Iakona (or its designee) the Break-Up Fee Escrow Fund, as defined in that certain Break-Up Fee and Escrow Agreement, dated as of November 14, 2007, by and among Iakona, Buyer and SunTrust Bank, as escrow agent (the "Escrow Agreement"), which amount shall not reduce the Purchase Price that may be payable under the Purchase Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the Parties, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Purchase Agreement.

2. Termination. Section 8.1(b) of the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

> "by either Buyer or Seller, without liability to the terminating party on account of such termination if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to fully comply with its obligations hereunder) on or before February 29, 2008."

3. Break-Up Fee. Section 8.2(b) of the Purchase Agreement is hereby deleted in its entirety.

4. Release of Break-Up Fee Escrow Fund. The Parties hereby acknowledge that, notwithstanding anything in the Purchase Agreement or the Escrow Agreement to the contrary, release of the Break-Up Fee Escrow Fund to Seller shall not reduce the Purchase Price that may be payable to Seller under the Purchase Agreement and shall be in addition to any such Purchase Price and not deemed to be payment of any portion of the Purchase Price.

5. The Purchase Agreement shall remain in full force and effect, as amended hereby.

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IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Amendment to be duly executed and delivered as of the date first above written.

IAKONA, INC.

By: ______________________________
Name:
Title:

____
JASON KULPA, as an individual

ALL AD ACQUISITION INC.

By: ______________________________
Name:
Title:

For purposes of Section 9.3 only,

DUNCAN CAPITAL PARTNERS LLC

By: ______________________________
Name:
Title:

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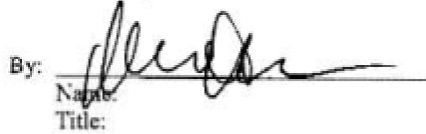
IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Amendment to be duly executed and delivered as of the date first above written.

IAKONA, INC.

By: ______________________________
Name:
Title:

____
JASON KULPA, as an individual

ALL AD ACQUISITION INC.



By: ______________________________
Name:
Title:

For purposes of Section 9.3 only,

DUNCAN CAPITAL PARTNERS LLC

By: ______________________________
Name:
Title:

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Exhibit 4.1

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

MORLEX, INC.

and

the HOLDERS set forth on the signature pages hereto

Dated as of February 14, 2008

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TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND OTHER MATTERS	**2**
Section 1.1 Definitions	2
Section 1.2 Definitions Generally	5
ARTICLE II REGISTRATION RIGHTS	**6**
Section 2.1 Demand Registration	6
Section 2.2 Priority on Demand Registration	7
Section 2.3 Piggyback Registration	8
Section 2.4 Priority on Piggyback Registrations	9
Section 2.5 Lock-Up Agreements	10
Section 2.6 Registration Procedures	10
Section 2.7 Registration Restrictions	13
Section 2.8 Indemnification by the Company	13
Section 2.9 Indemnification by the Holders	13
Section 2.10 Conduct of Indemnification Proceedings	14
Section 2.11 Contribution	14
Section 2.12 Underwritten Offering	15
Section 2.13 Other Indemnification	15
Section 2.14 Rule 144 Information/Exchange Act Reporting	15
Section 2.15 Parties in Interest	15
Section 2.16 Mergers, Recapitalizations, Exchanges or Other Transactions Affecting Registrable Securities	16
Section 2.17 Registration Expenses	16
Section 2.18 No Inconsistent Agreements	16

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ARTICLE III MISCELLANEOUS	**17**
Section 3.1 Term of the Agreement; Termination of Certain Provisions.	17
Section 3.2 Amendments; Waiver	17
Section 3.3 Governing Law	17
Section 3.4 Notices	18
Section 3.5 Severability	18
Section 3.6 Specific Performance	18
Section 3.7 Assignment; Successors	18
Section 3.8 No Third-Party Rights	19
Section 3.9 Section Headings	19
Section 3.10 Execution in Counterparts	19

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of February 14, 2008 (the "Closing Date"), by and among Morlex, Inc., a Colorado corporation (the "Company") and the Holders (as defined herein) set forth on the signature pages hereto.

WITNESSETH:

WHEREAS, the Company entered into: (i) an Agreement and Plan of Merger (the "RHI Merger Agreement") with Rightside Holdings, Inc. ("Rightside") and RHI Merger Sub, Inc., a wholly-owned subsidiary of the Company ("RHI Merger Sub"); (ii) an Agreement and Plan of Merger (the "DMG Merger Agreement", and together with the RHI Merger Agreement, the "Merger Agreements") with Duncan Media Group, Inc. ("Duncan") and DMG Merger Sub, Inc., a wholly-owned subsidiary of the Company ("DMG Merger Sub"); and (iii) a Stock Purchase Agreement (the "Stock Purchase Agreement") with All Ad Acquisition, Inc., a Delaware corporation ("AAA") and parent of Ad Authority, Inc. ("Ad Authority"), and, the shareholders of AAA listed on the signature pages thereto, whereby all of the outstanding and issued shares of common stock of AAA were purchased by the Company.

WHEREAS, in connection with the transactions contemplated pursuant to the Merger Agreements, the Company is issuing Junior Convertible Unsecured Notes of the Company (the "Junior Convertible Notes") and may in the future sell shares of Company Common Stock in private placement transactions (together with the issuance of Junior Convertible Notes, the "Equity Financing").

WHEREAS, in connection with the acquisition of Rightside, Duncan and Ad Authority, (the "Acquisition Transactions") and the Equity Financing, the Company wishes to grant registration rights, under the terms and provisions set forth herein, to certain of the parties hereto who received or may receive in the future Company Common Stock in connection with the Acquisition Transactions (the "Acquisition Holders") and who may receive shares of Common Stock upon conversion of the Junior Convertible Notes or otherwise purchase shares of Common Stock in the Equity Financing (the "Investor Holders").

WHEREAS, the Company also wishes to grant registration rights, under the terms and provisions set forth herein, to certain of the parties hereto who were holders of Company Common Stock as of the date immediately prior to the Closing Date (the "Original Holders", and, together with the Acquisition Holders, the "Other Holders").

WHEREAS, the Holders are Beneficial Owners of Registrable Securities (as defined herein).

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, covenants and provisions herein contained, the parties hereto agree as follows:

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ARTICLE I

DEFINITIONS AND OTHER MATTERS

Section 1.1 Definitions. Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1.1:

(a) "AAA" has the meaning ascribed to such term in the recitals.

(b) "Acquisition Holders" has the meaning ascribed to such term in the recitals.

(c) "Acquisition Transactions" has the meaning ascribed to such term in the recitals.

(d) "Ad Authority" has the meaning ascribed to such term in the recitals.

(e) "Affiliate" shall mean any person who is an "affiliate" as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act (as defined below).

(f) "Agreement" has the meaning ascribed to such term in the preamble.

(g) "Beneficial Owner" has the meaning set forth in Rule 13d-3 under the Exchange Act.

(h) "Board" means the Board of Directors of the Company.

(i) "Certificate of Incorporation" means the Articles of Incorporation of the Company, as filed with the Colorado Secretary of State on December 1, 2005, as amended or restated from time to time.

(j) "Common Stock" means the common stock, par value $0.001 per share of the Company.

(k) "Company" has the meaning ascribed to such term in the preamble.

(l) "Demand Notice" has the meaning ascribed to such term in Section 2.1(a).

(m) "Demand Registration" means the registration under the Securities Act of all or any portion of the Registrable Securities specified in the Demand Notice.

(n) "DMG Merger Agreement" has the meaning ascribed to such term in the recitals.

(o) "DMG Merger Sub" has the meaning ascribed to such term in the recitals.

(p) "Duncan" has the meaning ascribed to such term in the recitals.

(q) "Equity Financing" has the meaning ascribed to such term in the recitals.

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(r) "Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(s) "Governmental Authority" means any national, local or foreign (including U.S. federal, state or local) or supranational (including European Union) governmental, judicial, administrative or regulatory (including self-regulatory) agency, commission, department, board, bureau, entity or authority of competent jurisdiction.

(t) "Holder" means any persons set forth on the signature pagers hereto so long as such persons are the Beneficial Owners of Registrable Securities.

(u) "Indemnified Parties" has the meaning ascribed to such term in Section 2.8.

(v) "Investor Holders" has the meaning ascribed to such term in the recitals.

(w) "Junior Convertible Notes" has the meaning ascribed to such term in the recitals.

(x) "Maximum Offering Size" has the meaning ascribed to such term in Section 2.1(d).

(y) "Merger Agreements" has the meaning ascribed to such term in the recitals.

(z) "Original Holders" has the meaning ascribed to such term in the recitals.

(aa) "Other Holders" has the meaning ascribed to such term in the recitals.

(bb) "Piggyback Registration" means the registration under the Securities Act of Registrable Securities on a registration statement initially intended to register any equity securities of the Company (other than a registration on Form S-8, or any successor Forms, or, with respect to the Holders, a registration that is pursuant to a Demand Registration made by the Holders), whether or not for sale for the Company's own account.

(cc) "Private Placement Holders" has the meaning ascribed to such term in the recitals.

(dd) "Registration Expenses" means any and all expenses incident to the performance of or compliance with any registration or marketing of securities, including all (i) registration and filing fees, and all other fees and expenses payable in connection with the listing of securities on any securities exchange or automated interdealer quotation system, (ii) fees and expenses of compliance with any securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with "blue sky" qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any registration statements, prospectuses and other documents in connection therewith and any amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of the Company (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (vi) customary fees and expenses for independent certified public accountants retained by the Company (including the expenses relating to any comfort letters or costs associated with the delivery by independent certified public accountants of any comfort letters requested pursuant to Section 2.9(h)), (vii) reasonable fees and expenses of any special experts retained by the Company in connection with such registration, (viii) reasonable fees, out-of-pocket costs and expenses of the Company, including counsel for the Company, (ix) reasonable fees, out-of-pocket costs and expenses of one counsel to the selling shareholders, (x) fees and expenses in connection with any review by the Financial Industry Regulatory Authority, Inc. ("FINRA") of the underwriting arrangements or other terms of the offering, and all fees and expenses of any "qualified independent underwriter," including the reasonable fees and expenses of any counsel thereto, (xi) costs of printing and producing any agreements among underwriters, underwriting agreements, any "blue sky" or legal investment memoranda and any selling agreements and other documents in connection with the offering, sale or delivery of the Registrable Securities, (xii) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering, (xiii) expenses

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relating to any analyst or investor presentations or any "road shows" undertaken in connection with the registration, marketing or selling of the Registrable Securities, (xiv) fees and expenses payable in connection with any ratings of the Registrable Securities, including expenses relating to any presentations to rating agencies and (xv) all out-of-pocket costs and expenses incurred by the Company or its appropriate officers in connection with their compliance with Section 2.6(l).

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(ee) "Registrable Securities" shall mean shares of Common Stock beneficially owned by the Holders on the Closing Date or acquired by the Holders as a result of conversion of the Junior Convertible Notes, otherwise in connection with the Equity Financing, or in connection with the Acquisition of Ad Authority. For purposes of this Agreement, (i) Registrable Securities shall cease to be Registrable Securities when a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act by the SEC and such Registrable Securities have been disposed of pursuant to such effective Registration Statement and (ii) the Registrable Securities of a Holder shall not be deemed to be Registrable Securities at any time when the entire amount of such Registrable Securities proposed to be sold by in a single sale constitutes less than 1% of the then outstanding shares of Common Stock or, in the written opinion of counsel satisfactory to the Company, in its reasonable judgment, may be sold to the public pursuant to Rule 144(k) (or any successor provision then in effect) under the Securities Act in any three-month period or any such Registrable Securities have been sold in a sale made pursuant to Rule 144 of the Securities Act.

(ff) "Rule 415" shall mean Rule 415 promulgated under the Securities Act, as amended from time to time, or any similar rule thereto that may be promulgated by the SEC.

(gg) "RHI Merger Agreement" has the meaning ascribed to such term in the recitals.

(hh) "RHI Merger Sub" has the meaning ascribed to such term in the recitals.

(ii) "Rightside" has the meaning ascribed to such term in the recitals.

(jj) "SEC" means the United States Securities and Exchange Commission.

(kk) "Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

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(ll) "Stock Purchase Agreement" has the meaning ascribed to such term in the recitals.

(mm) "Subsidiary" means, with respect to any person, any corporation, limited liability company, company, partnership, trust, association or other legal entity or organization of which such person (either directly or through one or more subsidiaries of such person) (a) owns, directly or indirectly, a majority of the capital stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, limited liability company, partnership, trust, association or other legal entity or organization, or (b) is otherwise entitled to exercise (1) a majority of the voting power generally in the election of the board of directors or other governing body of such corporation, limited liability company, partnership, trust, association or other legal entity or organization or (2) control of such corporation, limited liability company, partnership, trust, association or other legal entity or organization.

(nn) "Transfer" means, in respect of any shares of Common Stock, property or other asset, any sale, assignment, transfer, distribution or other disposition thereof, whether voluntarily or by operation of Law.

(oo) "Underwritten Offering" means a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act, other than pursuant to a registration statement on Forms S-4 or S-8 or any similar or successor form.

Section 1.2 Definitions Generally. Wherever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neutral genders and vice versa, and references to any agreement, document or instrument shall be deemed to refer to such agreement, document or instrument as amended, supplemented or modified from time to time. When used herein:

(a) the word "or" is not exclusive;

(b) the words "including," "includes," "included" and "include" are deemed to be followed by the words "without limitation";

(c) the terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision;

(d) the word "person" means any individual, corporation, limited liability company, trust, joint venture, association, company, partnership or other legal entity or a government or any department or agency thereof or self-regulatory organization; and

(e) all section, paragraph or clause references not attributed to a particular document shall be references to such parts of this Agreement, and all exhibit, annex and schedule references not attributed to a particular document shall be references to such exhibits, annexes and schedules to this Agreement.

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ARTICLE II

REGISTRATION RIGHTS

Section 2.1 Demand Registration.

(a) Procedures for Demand.

(i) If, at any time after the date hereof, the Company shall receive a written request (a "Demand Notice") from the Investor Holders that the Company effect a Demand Registration for all or any portion of the Registrable Securities specified in such Demand Notice, specifying the intended method of disposition thereof, then the Company shall use its reasonable best efforts to effect within 60 days of such Demand Notice, subject to the restrictions of Section 2.1(d), the registration under the Securities Act of the Registrable Securities for which the Investor Holders have requested registration under this Section 2.1, all to the extent necessary to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered; provided, that the Company shall have no obligation to register such shares of Registrable Securities pursuant to this Section 2.1(a)(i) if the number of shares of Registrable Securities specified in such notice do not constitute a majority of the shares of Common Stock then held by all of the Investor Holders. At any time prior to the effective date of a registration statement relating to any registration, the Investor Holders who elected to participate in a Demand Registration pursuant to this Section 2.1, in their individual capacities, may revoke all or part of such Demand Registration request by providing a notice to the Company revoking such request.

(ii) If, on or after the date that is one (1) year from the date hereof, the Company shall receive a Demand Notice from the Other Holders to effect a Demand Registration for all or any portion of the Registrable Securities specified in such Demand Notice, specifying the intended method of disposition thereof, then the Company shall use its reasonable best efforts to effect within 60 days of such Demand Notice, subject to the restrictions of Section 2.1(d), the registration under the Securities Act of the Registrable Securities for which the Other Holders have requested registration under this Section 2.1, all to the extent necessary to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered; provided, that the Company shall have no obligation to register such shares of Registrable Securities pursuant to this Section 2.1(a)(ii) if the number of shares of Registrable Securities specified in such notice do not constitute a majority of the shares of Common Stock held by all of the Other Holders. At any time prior to the effective date of a registration statement relating to any registration, the Other Holders who elected to participate in a Demand Registration pursuant to this Section 2.1, in their individual capacities, may revoke all or part of such Demand Registration request by providing a notice to the Company revoking such request.

(b) Number of Demands. Subject to the applicable provisions of Section 2.1(a), (i) the Investor Holders shall be entitled to request one (1) Demand Registration; provided, however, that in the event of a cut back in registration pursuant to Section 2.2 hereof that exceeds twenty-five percent (25%) of the number of shares requested to be registered by Investor Holders, the Investor Holders shall receive one (1) additional Demand Registration and (ii) the Other Holders shall be entitled to request one (1) Demand Registration.

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(c) Notice of Demand. Within 10 (ten) business days after receipt of a Demand Notice, the Company shall give written notice thereof to each of the other Holders (a "Registration Notice") and, shall, subject to the terms set forth in this Section 2.1 and further subject to any underwriter cut backs (or cut backs otherwise required by applicable law, as determined by the Company in its sole discretion), include in such registration such number of Registrable Securities held by the Holders for which the Company has received written requests for inclusion within 10 (ten) business days after such Holder's receipt of the corresponding Registration Notice.

(d) Notice of Postponement. Upon notice to the Holders, the Company may postpone effecting a registration statement for (or suspend the effectiveness of) a Demand Registration pursuant to this Section 2.1 on one occasion during any period of six consecutive months for a reasonable time specified in the notice but not exceeding 90 days after receipt of the Demand Notice, if (i) the Company's Board of Directors shall determine in good faith that effecting the registration would materially and adversely affect an offering of securities of the Company, the preparation of which had then been commenced, or (ii) the Company is in possession of material non-public information, the disclosure of which during the period specified in such notice the Company believes in good faith would not be in the best interests of the Company.

Section 2.2 Priority on Demand Registration.

If a Demand Registration made pursuant to Section 2.1 involves an Underwritten Offering in which the Company is selling and the underwriter advises the Company and the Holders that, in its view, the number of Registrable Securities requested to be included in such registration exceeds the largest number of Registrable Securities that can be sold without having an adverse effect on such offering, including the price at which such shares can be sold, or, if limits on the size of the offering are otherwise required by applicable law, including, without limitations, Rule 415 (the "Maximum Offering Size"), then the Company shall include in such registration, in the priority listed below, up to the Maximum Offering Size:

(a) upon a Demand Notice made by any of the Investor Holders:

(i) first, all Registrable Securities of any Investor Holders requested to be registered in the Demand Registration by any Investor Holders delivering a Demand Notice and all Registrable Securities proposed to be registered for the account of any Investor Holders pursuant to the Demand Registration rights set forth in Section 2.1(c) hereof, *pro rata* among such Investor Holders, based on the respective amounts of Registrable Securities held by such Investor Holders and available for sale;

(ii) second, all Registrable Securities of any Other Holders proposed to be registered for the account of any Other Holders pursuant to the Demand Registration rights set forth in Section 2.1(c) hereof, *pro rata* among such Other Holders, based on the respective amounts of Registrable Securities held by such Other Holders and available for sale;

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(iii) third, so much of the Company securities proposed to be registered for the account of the Company; and

(iv) fourth, all Registrable Securities proposed to be registered for the account of any other holders, ratably among such holders based on the respective amounts of Registrable Securities held by such holders, pursuant to any Piggyback Registration rights, other than the Piggyback Registration rights set forth in Section 2.3 hereof.

(b) upon a Demand Notice made by any of the Other Holders:

(i) first, all Registrable Securities of any Other Holders requested to be registered in the Demand Registration by any Other Holders delivering a Demand Notice and all Registrable Securities proposed to be registered for the account of any Holders pursuant to the Demand Registration rights set forth in Section 2.1(c) hereof, *pro rata* among such Holders, based on the respective amounts of Registrable Securities held by such Holders and available for sale;

(ii) second, so much of the Company securities proposed to be registered for the account of the Company; and

(iii) third, all Registrable Securities proposed to be registered for the account of any other holders, ratably among such holders based on the respective amounts of Registrable Securities held by such holders, pursuant to any Piggyback Registration rights, other than the Piggyback Registration rights set forth in Section 2.3 hereof.

Section 2.3 Piggyback Registration.

(a) From and after the Closing Date and until one (1) year from the date hereof, whenever the Company proposes to register any of its equity securities under the Securities Act (other than a registration statement on Form S-8 or on Form S-4 or any similar successor forms thereto), whether for its own account or for the account of one or more stockholders of the Company, the Company shall each such time give prompt written notice at least fifteen (15) business days prior to the anticipated filing date of the registration statement relating to such registration to all Holders, which notice shall set forth the Holders' rights under this Section 2.3 and shall offer the Holders the opportunity to include in such Piggyback Registration the number of Registrable Securities of the same class or series as those proposed to be registered as the Holders may request, subject to the provisions of Sections 2.3(a) and (b) and Section 2.4. Upon the request of the Holders made within ten (10) business days after the receipt of notice from the Company (which request shall specify the number of Registrable Securities, if any, intended to be registered by the Holders), the Company shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities that the Company has been so requested to register by the Holders to the extent necessary to permit the disposition of the Registrable Securities so to be registered, provided that (i) if such registration involves an Underwritten Offering, the Holders must sell their Registrable Securities to the underwriters selected by the Company on the same terms and conditions as apply to the Company, as applicable, and (ii) if, at any time after giving notice of its intention to register any securities pursuant to this Section 2.3(a) and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register such securities, the Company shall give notice to the Holders and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration. No registration effected under this Section 2.3 shall relieve the Company of its obligations to effect a Demand Registration to the extent required by Section 2.1. There shall be no limitation on the number of Piggyback Registrations that the Company shall be required to effect under this Section 2.3.

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(b) Notwithstanding any provision in this Section 2.3 or elsewhere in this Agreement, no provision relating to the registration of Registrable Securities shall be construed as permitting the Holders to effect a Transfer of securities that is otherwise expressly prohibited by the terms of any applicable agreement between the Holders and the Company or any of its Subsidiaries. The Company shall not be obligated to provide notice or afford Piggyback Registration to the Holders pursuant to this Section 2.3 unless some or all of the Holders' Registrable Securities are permitted to be Transferred under the terms of applicable agreements between the Holders and the Company or any of its Subsidiaries.

(c) At any time prior to the effective date of the registration statement relating to such registration, the Holders may revoke such Piggyback Registration request by providing a notice to the Company revoking such request.

(d) Notwithstanding any provision in this Section 2.3 or elsewhere in the Agreement, the Company shall be entitled to elect to effect the registration under the Securities Act of all of the Registrable Securities held by the Holders in any individual Piggyback Registration, subject to the right of the Holders, in their individual capacities, to revoke all or a portion of their respective Piggyback Registration request pursuant to Section 2.3(c).

Section 2.4 Priority on Piggyback Registrations.

(a) If a Piggyback Registration (that is not related to a Demand Registration made by the Holders) involves an Underwritten Offering and the underwriter advises the Company, that, in its view, the number of Registrable Securities that any eligible Holders intend to include in such registration exceeds the Maximum Offering Size, or, if the Company otherwise determines that the Maximum Offering Size is exceeded as a result of applicable laws, including, without limitation, Rule 415, then the Company shall include in such registration, in the following priority, up to the Maximum Offering Size:

(i) first, so much of the Company securities proposed to be registered for the account of the Company;

(ii) second, all Registrable Securities requested to be registered in the Piggyback Registration by the Investor Holders, *pro rata* among such Investor Holders, based on the respective amounts of Registrable Securities held by such Investor Holders and available for sale (after giving effect to any Transfer restrictions relating to such Registrable Securities);

(iii) third, all Registrable Securities requested to be registered in the Piggyback Registration by the Other Holders, *pro rata* among such Other Holders, based on the respective amounts of Registrable Securities held by such Other Holders and available for sale (after giving effect to any Transfer restrictions relating to such Registrable Securities); and

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(iv) fourth, all Registrable Securities proposed to be registered for the account of any other holders, ratably among such holders based on the respective amounts of Registrable Securities held by such holders, pursuant to any Piggyback Registration rights, other than the Piggyback Registration rights set forth in Section 2.3 hereof.

Section 2.5 Lock-Up Agreements. If any registration of Registrable Securities shall be effected in connection with a Underwritten Offering, neither the Company nor any Holder shall effect any public sale or distribution, including any sale pursuant to Rule 144, of any shares of Common Stock or other security of the Company (except as part of such Underwritten Offering) until the earliest of (i) 90 days following registrations of Registrable Securities pursuant to this Agreement, (ii) with respect to the Holders generally, such shorter time as may be agreed to by the underwriters with respect to any one Holder, and (iii) such time as members of management agree to with the underwriters with respect to the public sale or distribution of securities held by members of management.

Section 2.6 Registration Procedures. Whenever the Company is required to effect a registration hereunder, the Company shall use its reasonable best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and, in connection with any such request, as applicable:

(a) The Company shall, as expeditiously as reasonably practicable, prepare and file with the SEC a registration statement on any form for which the Company then qualifies or that counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its reasonable best efforts to: (i) cause such filed registration statement to become and remain effective, and (ii) promptly update such registration statement so that it does not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, until all of the Registrable Securities included in such registration statement shall have actually been sold thereunder; provided that, at the request of any Holder, the intended method of distribution relating to the sale of the Registrable Securities to be registered thereunder shall provide for individual Holders to be named as selling stockholders under such registration statement.

(b) Prior to filing a registration statement or prospectus or any amendment or supplement thereto, the Company shall, if requested, furnish to each Holder and each underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter the Company shall furnish to each Holder and underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 or Rule 430A under the Securities Act and such other documents as a Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holder. The Holders shall have the right to request that the Company modify any information contained in such registration statement, amendment and supplement thereto pertaining to the Holders, and the Company shall use its reasonable best efforts to comply with such request, provided, however, that the Company shall not have any obligation so to modify any information if the Company reasonably expects that so doing would cause the prospectus to contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

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(c) After the filing of the registration statement, the Company shall (i) cause the related prospectus to be supplemented by any required prospectus supplement, and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act, (ii) comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement during the applicable period in accordance with the intended methods of disposition by the Holders thereof set forth in such registration statement or supplement to such prospectus and (iii) promptly notify the Holders of any stop order issued or threatened by the SEC or any state securities commission and take all reasonable best efforts to prevent the entry of such stop order or to remove it if entered.

(d) The Company shall use its reasonable best efforts to (i) register or qualify the Registrable Securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Holders reasonably (in light of the Holders' intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable a Holder to consummate the disposition of the Registrable Securities owned by such Holder, provided that the Company shall not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 2.6(d), (B) subject itself to taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction.

(e) The Company shall immediately notify the Holders, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly prepare and make available to the Holders and file with the SEC any such supplement or amendment.

(f) The Company shall select an underwriter or underwriters in connection with any Underwritten Offering; provided that, in the event of a Demand Registration requested by the Holders, such underwriter or underwriters shall be selected by the Holders with the consent of the Company (which consent shall not be unreasonably withheld). In connection with any Underwritten Offering, the Company shall enter into customary agreements (including an underwriting agreement in customary form) and take all such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities in any such Underwritten Offering, including, to the extent necessary, the engagement of a "qualified independent underwriter" in connection with the qualification of the underwriting arrangements with FINRA.

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(g) Subject to the execution of confidentiality agreements satisfactory in form and substance to the Company in the exercise of its good faith judgment, the Company will give to the Holders, their counsel and accountants (i) reasonable and customary access to its books and records, that, in the opinion of the Board are pertinent corporate documents, and (ii) such opportunities to discuss the business of the Company with its directors, officers, employees, counsel and the independent public accountants who have certified its financial statements, as shall be appropriate, in the reasonable judgment of counsel, to the Holders, to enable them to exercise its due diligence responsibility.

(h) The Company shall use its reasonable best efforts to furnish to the Holders and to each such underwriter, if any, a signed counterpart, addressed to the Holders or such underwriter, of (i) an opinion or opinions of counsel to the Company and (ii) a comfort letter or comfort letters from the Company's independent public accountants, each in customary form and covering such matters of the kind customarily covered by opinions or comfort letters, as the case may be, as the Holder and the underwriters reasonably request.

(i) Each Holder shall promptly furnish in writing to the Company such information regarding such Holder that is reasonably necessary for the distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information regarding such Holder as may be legally required or advisable in connection with such registration.

(j) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.6(e), such Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Holder's Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.6(e), and, if so directed by the Company, such Holders shall destroy all copies, other than any permanent file copies then in such Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. If the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 2.6(a)) by the number of days during the period from and including the date of the giving of notice pursuant to Section 2.6(e) to the date when the Company shall make available to the Holders a prospectus supplemented or amended to conform with the requirements of Section 2.6(e).

(k) The Company shall use its reasonable best efforts to list all Registrable Securities covered by such registration statement on any securities exchange or quotation system on which any of the Registrable Securities are then listed or traded.

(l) The Company shall have appropriate officers of the Company (i) prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, (ii) take other actions to obtain ratings for any Registrable Securities and (iii) otherwise use their reasonable best efforts to cooperate as reasonably requested by the underwriters in the offering, marketing or selling of the Registrable Securities.

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(m) The Company shall use its reasonable best efforts to take all other steps necessary to effect the registration of Registrable Securities contemplated hereby.

Section 2.7 Registration Restrictions. Nothing in this Agreement shall be construed as to violate the restrictions set forth in any of the Merger Agreements, the Stock Purchase Agreement or the Junior Convertible Notes, and no registration of Registrable Securities in violation of such agreements shall be effectuated.

Section 2.8 Indemnification by the Company. In the event of any registration of any securities of the Company under the Securities Act pursuant to this Article II, the Company will, and it hereby does, indemnify and hold harmless, to the extent permitted by law, each Holder, each Affiliate of such Holder and its members and managing members (including any director, officer, Affiliate, employee, agent and controlling person of any of the foregoing, if applicable), each other person who participates as an underwriter in the offering or sale of such securities and each other person, if any, who controls such seller or any such underwriter within the meaning of the Securities Act (collectively, the "Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, and expenses (including reasonable attorney's fees and reasonable expenses of investigation) to which such Indemnified Party may become subject under the Securities Act, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof, whether or not such Indemnified Party is a party thereto) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the circumstances under which they were made) not misleading, and the Company will reimburse such Indemnified Party for any legal or any other expenses reasonably incurred by it in connection with investigating or defending against any such loss, claim, liability, action or proceeding; provided, that the Company shall not be liable to any Indemnified Party in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final or summary prospectus in reliance upon and in conformity with written information furnished to the Company with respect to such person through an instrument duly executed by such person specifically stating that it is for use in the preparation thereof.

Section 2.9 Indemnification by the Holders. Each of the Holders hereby agrees to indemnify and hold harmless, severally and not jointly, the Company and all other prospective sellers of Registrable Securities with respect to any untrue statement or alleged untrue statement in, or omission or alleged omission from, any registration statement that includes any Registrable Securities and that is filed in accordance with this Article II, any preliminary, final or summary prospectus contained therein, or any amendment or supplement, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company with respect to such Holder through an instrument duly executed by such Holder or underwriter specifically stating that it is for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or the Holders, or any of their respective Affiliates, directors, officers or controlling persons, and shall survive the Transfer of such securities by such Holder. In no event shall the liability of the Holders hereunder be greater in amount than the dollar amount of the proceeds received by the Holders upon the sale of the Registrable Securities giving rise to such indemnification obligation.

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Section 2.10 Conduct of Indemnification Proceedings. Promptly after receipt by an Indemnified Party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Article II, such Indemnified Party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, that the failure of the Indemnified Party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Article II, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, unless in such Indemnified Party's reasonable judgment a conflict of interest between such Indemnified Party and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the indemnifying party to such Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof, the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

Section 2.11 Contribution. If the indemnification provided for in this Article II from the indemnifying party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein, then the indemnifying party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and Indemnified Parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and Indemnified Parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or Indemnified Parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party under this Section 2.11 as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. In no event shall the liability of the Holders hereunder be greater in amount than the dollar amount of the proceeds received by the Holders upon the sale of the Registrable Securities giving rise to such indemnification obligation.

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The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.11 were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 2.12 Underwritten Offering.

(a) A Holder may not participate in any Underwritten Offering hereunder unless such Holder (i) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the Holders with respect to any Underwritten Offering pursuant to Section 2.2, or by the Company with respect to any Underwritten Offering pursuant to Section 2.3 and (B) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and the provisions of this Agreement in respect of registration rights.

(b) If Registrable Securities are to be sold in an Underwritten Offering, the Company agrees to include in the registration statement to be used all such information as may be reasonably requested by the underwriters for the marketing and sale of such Registrable Securities.

Section 2.13 Other Indemnification. Indemnification similar to that specified herein (with appropriate modifications) shall be given by the Company and a Holder participating therein with respect to any required registration or other qualification of securities under any federal or state law or regulation or Governmental Authority other than the Securities Act.

Section 2.14 Rule 144 Information/Exchange Act Reporting. With (i) a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration, and (ii) to keep any registration statement on Form S-3 filed pursuant hereto effective, the Company agrees to: (a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act; (b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and (c) furnish to each Holder of Registrable Securities forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as such Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing such Holder to sell any Registrable Securities without registration.

Section 2.15 Parties in Interest. Each Holder shall be entitled to receive the benefits of this Agreement and shall be bound by the terms and provisions of this Agreement by reason of its election to participate in a registration under this Article II. Any transferee of the Registrable Securities shall be entitled to receive the benefits of this Agreement and shall be bound by the terms and provisions of this Agreement upon becoming bound hereby pursuant to Section 3.7.

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Section 2.16 Mergers, Recapitalizations, Exchanges or Other Transactions Affecting Registrable Securities. The provisions of this Agreement shall apply to the full extent set forth herein with respect to the Registrable Securities, to any and all securities or capital stock of the Company or any successor or assign of any such person (whether by merger, amalgamation, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution of such Registrable Securities, by reason of any dividend, split, issuance, reverse split, combination, recapitalization, reclassification, merger, amalgamation, consolidation or otherwise.

Section 2.17 Registration Expenses. The Company shall pay all Registration Expenses promptly upon request for payment or reimbursement therefore in connection with any registration, request for registration, or Underwritten Offering of Registrable Securities hereunder. The obligation to pay the Registration Expenses shall apply irrespective of whether a registration, once properly demanded, becomes effective, is delayed, withdrawn or suspended, or, in the case of an Underwritten Offering, is consummated.

Section 2.18 No Inconsistent Agreements. The Company has not and shall not enter into any agreement with respect to the Company's securities that is inconsistent with the rights granted to the Holders under this Agreement or that otherwise conflicts with the provisions hereof. The Company represents and warrants that it is not a party to, or otherwise subject to, any other agreement granting registration rights to any other Person with respect to any Common Stock or Common Stock equivalents. Unless otherwise consented to in writing by holders of a majority of the Registrable Securities held by the Holders, the following terms shall apply to any grant by the Company to any person (an "Other Demanding Party") of any right to initiate (an "Other Demand Right") the registration of any Common Stock or Common Stock equivalents (a "Registration"); provided that the Company may amend this Agreement to make any person who receives shares of Common Stock in connection with the transactions contemplated pursuant to the Merger Agreements, the Stock Purchase Agreement or the Equity Financing a "Holder" under the terms of this Agreement:

(i) no Other Demand Right shall be granted that will permit an Other Demanding Party the right to demand a Registration at any time prior to the date that is one (1) year from the Closing Date;

(ii) in connection with any Other Demand Right, the Holders will have the right to piggyback on any such Registration, and if a Registration pursuant to an Other Demand Right involves an Underwritten Offering and for whatever reason the number of shares requested to be included in such registration exceeds the Maximum Offering Size (or such lesser amount as required by applicable law, as determined by the Company in its sole discretion), then the Other Demanding Party shall have priority in such registration; and

(iii) if the Company so elects, the Other Demanding Party may be provided with the right to piggyback on any Demand Registration pursuant to Section 2.2 hereof and if any such Registration involves an Underwritten Offering and for whatever reason the number of shares requested to be included in such registration exceeds the Maximum Offering Size (or such lesser amount as required by applicable law, as determined by the Company in its sole discretion), then the Other Demanding Party shall be given equal priority on a *pro rata* basis, based on the number of shares held by such persons and available for sale in such sale with the "other Holders" or "other persons" pursuant to Section 2.2(a)(iii) or Section 2.9(a)(iii).

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ARTICLE III

MISCELLANEOUS

Section 3.1 Term of the Agreement; Termination of Certain Provisions.

(a) The term of this Agreement shall continue until such time as no Registrable Securities are held by any Holder, except that Sections 2.8, 2.9, 2.10, 2.11 and Section 3.3 shall survive.

(b) Unless this Agreement is theretofore terminated pursuant to Section 3.1(a) hereof, each Holder shall be bound by the provisions of this Agreement with respect to any of its Registrable Securities until such time as such Holder ceases to hold any Registrable Securities. Thereafter, such Holder shall no longer be bound by the provisions of this Agreement.

Section 3.2 Amendments; Waiver

(a) Subject to the limitations set forth in Section 3.2(b), the provisions of this Agreement may be amended only by the mutual agreement of the Company and the holders of a majority of the Registrable Securities.

(b) Any amendment of this Agreement that may adversely affect the rights of the Holders shall require the approval of each of the Holders so adversely affected, respectively.

(c) No provision of this Agreement may be waived except by an instrument in writing executed by the party against whom the waiver is to be effective.

(d) Notwithstanding anything herein to the contrary, the Company may amend this Agreement to make any person who receives shares of Common Stock in connection with the transactions contemplated pursuant to the Merger Agreements, the Stock Purchase Agreement, or the Equity Financing a "Holder" under the terms of this Agreement.

Section 3.3 Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK)**.

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Section 3.4 Notices.

(a) Any communication, demand or notice to be given hereunder will be duly given (and shall be deemed to be received) when delivered in writing by hand or first class mail or by facsimile to a party at its address as indicated below:

If to the Company:

Morlex, Inc.
c/o Duncan Capital LLC
420 Lexington Avenue, Suite 450
New York, New York 10022
Attention: President
Telephone: (212)581-5150
Facsimile: (212) 581-5198

with a copy (which shall not constitute notice to the Company) to:

Nixon Peabody LLP
437 Madison Avenue
New York, New York 10022
Attention: Jane Greyf, Esq. and Roger Byrd, Esq.
Telephone: (212) 940-3155
Facsimile: (866) 516-0358; and

If to a Holder:

to the address and facsimile set forth in the records of the Company.

(b) Unless otherwise provided to the contrary herein, any notice which is required to be given in writing pursuant to the terms of this Agreement may be given by facsimile.

Section 3.5 Severability. If any provision of this Agreement is finally held to be invalid, illegal or unenforceable, (a) the remaining terms and provisions hereof shall be unimpaired and (b) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

Section 3.6 Specific Performance. Each party hereto acknowledges that the remedies at law of the other parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any party to this Agreement, without posting any bond, and in addition to all other remedies that may be available, shall, subject to Section 3.3, be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may be then available.

Section 3.7 Assignment; Successors. This Agreement shall be binding upon and inure to the benefit of the respective legatees, legal representatives, successors and assigns of each Holder; provided, however, that a Holder may not assign this Agreement or any of his rights or obligations hereunder, except pursuant to Section 2.15, and any purported assignment in breach hereof by a Holder shall be void; and provided further that no assignment of this Agreement by the Company or to a successor of the Company (by operation of law or otherwise) shall be valid unless such assignment is made to a person which succeeds to the business of such person substantially as an entirety.

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Section 3.8 No Third-Party Rights. Other than as expressly provided herein, nothing in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

Section 3.9 Section Headings. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation.

Section 3.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have duly executed or caused to be duly executed this Agreement as of the dates indicated.

MORLEX, INC.

By: /s/ Michael Miller
Name: Michael Miller
Title: President

MW CROW FAMILY LP

By: /s/ Michael Crow
Name: Michael Crow
Title: General Partner

ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO MICHELLE LEE CROW

By: /s/ Alex Clug
Name: Alex Clug
Title: Trustee

ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO SPENCER MICHAEL CROW

By: /s/ Alex Clug
Name: Alex Clug
Title: Trustee

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ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO OLIVIA TREVOR CROW

By: /s/ Alex Clug

Name: Alex Clug

Title: Trustee

ALEX CLUG TTEE, CROW 2001 CHILDREN'S TRUST-FBO DUNCAN CROW

By: /s/ Alex Clug

Name: Alex Clug

Title: Trustee

/s/ Richard Berman

Richard Berman

/s/ Michael Miller

Michael Miller

/s/ Jeanne Baer

Jeanne Baer

/s/ Robert Kaplan

Robert Kaplan

/s/ Helaine Kaplan

Helaine Kaplan

/s/ Michelle Kaplan

Michelle Kaplan

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EMPLOYMENT AGREEMENT

WHEREAS, contingent on and effective as of the closing of the Purchase ("Effective Date") the Company desires to employ Richard J. Berman ("Executive"), and the Executive desires to be employed by the Company, on the terms and conditions set forth herein;

WHEREAS, the Company's Board of Directors (the "Board") has approved and authorized the entry into this Agreement with the Executive.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Company and the Executive agree that the Executive shall be employed by the Company in accordance with the following terms and conditions:

1. Duties and Scope of Employment.

a. Position and Duties. As of the Effective Date, the Executive will serve as Executive Chairman ("Chairman") of the Company. The Executive shall render such business and professional services in the performance of his duties as the CEO of the Company, consistent with the Executive's position within the Company, as shall reasonably be assigned to him by the Board. The Executive shall report to the Board. Executive's place of work shall be San Diego, California.

b. Obligations. During the Executive's employment with the Company (the "Employment Period"), the Executive shall perform his duties faithfully and to the best of his ability and shall devote his full business efforts and time to the Company. The Executive is permitted to engage in (i) civic and charitable organization activities that do not materially interfere with his responsibilities to the Company; (ii) membership on the board of directors and advisory board of companies (and activities related thereto) that are not in competition with the Company; and (iii) personal and family investments to the extent that the time so spent does not interfere with Executive's duties to the Company. For the duration of the Executive's employment with the Company, the Executive agrees not to engage in any other employment, occupation or consulting activity, whether or not for compensation, which is in competition with the Company.

2. Term. The term of employment under this Agreement (the "Initial Term") begins at the Effective Date and extends for two (2) years. This Agreement may be renewed for such time as the parties agree (a "Renewal Term"). The Initial Term plus any Renewal Term then in effect are the term of this Agreement (the "Employment Term"). The Employment Term may be terminated early as provided in this Agreement.

3. Compensation.

a. Base Salary. The Company shall pay the Executive an annual salary of $180,000 as compensation for the Executive's services (the "Base Salary"). The amount of the Base Salary will be reviewed annually during the Employment Term by the Board, and may be increased by the Board. The Base Salary shall be paid periodically in accordance with the Company's normal payroll practices and shall be subject to all required withholding and any payroll deductions elected by the Executive.

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b. Performance Bonus. The Executive shall receive a performance bonus, for each calendar year in the amount of set by The Board of Directors in its sole discretion(the "Performance Bonus"). Such Performance Bonus is deemed earned at the end of the calendar year and shall be payable, if at all, within sixty (60) days of the end of the calendar year.

c. Stock Awards. The Company agrees to adopt an equity incentive plan reasonably approved by Executive within 90 days after the Closing and award 250,000 option at $1 per share as compensation to Employee on terms that are no less favorable than that received by similarly situated officers, directors and employees of the Company.

d. Benefits. The Executive will be entitled to participate in or receive any fringe benefit, retirement, health and welfare, and other employee benefit plans, policies, or arrangements maintained by the Company for its senior management employees in effect from time to time which the Executive is eligible to participate, subject to the applicable terms and conditions of the particular benefit plan or policy and/or the determination of the Board, as applicable.

e. Vacation. During the Employment Period, the Executive will be entitled to four (4) weeks of paid vacation per year in accordance with the Company's vacation policy, with the timing and duration of specific vacations mutually and reasonably agreed to by the Board and the Executive.

4. Expenses. During the Employment Period, the Company will reimburse the Executive for reasonable travel, entertainment or other expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time, including, without limitation, business class travel for all flights over two (2) hours, and a portable telephone, Blackberry or similar device (along with all access and use charges). Executive shall be reimbursed for the full cost of first class air travel for flights up to two hours or train travel on Company business.

5. Severance.

a. Termination not for Cause or for Good Reason. If the Executive's employment is terminated by the Company without Cause (as defined in Section 6 below) upon a change of control or a as defined at 6 (b) or if the Executive terminates his employment for Good Reason (as defined in Section 6 below), then, (1) Executive's non-competition obligations shall be limited as provided in the Purchase Agreement and set forth in the Non-Competition Agreement; and (2) contingent, in each case, upon the Executive entering into a waiver of release and claims in favor of the Company in substantially the form as attached hereto as Exhibit A, the Executive shall be entitled to receive:

(i) a one-time lump sum payment in an amount equal to the aggregate of twelve (12) months of the Executive's then current Base Salary and two times (1) the greater of Executive's Performance Bonus for the year of termination or (2) the largest bonus paid to Executive over the past three (3) years;

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(ii) reimbursement for any premiums for health (i.e., medical, vision and dental) coverage and benefits that the Executive qualifies for under COBRA; provided, however, that (x) the Executive constitutes a qualified beneficiary, as defined in Section 4980B(g)(1) of the Code; and (y) the Executive elects continuation coverage pursuant to COBRA, within the time period prescribed pursuant to COBRA. The Company shall continue to provide the Executive with health coverage until the earliest of (x) the date the Executive is no longer eligible to receive continuation coverage pursuant to COBRA, (y) eighteen (18) months from the termination date or (z) the date on which the Executive obtains comparable health coverage. The Executive shall notify the Company promptly after the Executive obtains alternative health coverage and the Company shall determine, in its sole discretion, if such health coverage is comparable; and

(iii) immediately upon such termination, all stock options or other stock-based awards granted by the Company to the Executive that are outstanding and, if applicable, unexercised shall become vested and exercisable as to one hundred percent (100%) of the shares subject to each such option (in addition to any shares subject to the options that are vested at the time of the termination of employment); with respect to any awards of stock subject to a right of repurchase by the Company (or its successor) one hundred percent (100%) of the shares subject to each such award shall have such repurchase rights lapse (in addition to any repurchase rights that have lapsed prior to the termination of employment). All outstanding options shall remain exercisable for three (3) years from the date of termination. Any options shall remain exercisable for the remainder of their maximum term.

b. Voluntary Termination: Termination for Cause. If the Executive's employment with the Company terminates voluntarily by the Executive (other than a termination for Good Reason) or for Cause by the Company, then all payments of compensation by the Company to the Executive hereunder other than that set forth in subsection (a)(iii) above will terminate immediately upon the effective date of such termination (except as provided in Section 5(d) below).

c. Accrued Wages and Vacation; Expenses. Without regard to the reason for, or the timing of, the Executive's termination of employment: (i) the Company shall pay the Executive any unpaid Base Salary due for periods prior to the date of termination; (ii) the Company shall pay the Executive all of the Executive's accrued and unused vacation through the date of termination; and (iii) following submission of proper expense reports by the Executive, the Company shall reimburse the Executive for all expenses reasonably and necessarily incurred by the Executive in connection with the business of the Company prior to the date of termination. These payments shall be made promptly upon termination and within the period of time mandated by law.

6. Definitions.

a. Cause. For purposes of this Agreement, "Cause" means any of the following that are not "cured" within thirty (30) days after receipt of written notice from Company specifying such breach or default and the specific steps necessary to cure such breach or default: (i) the Executive's willful failure to perform his material duties as an officer or employee of the Company or a material breach of a material term of this Agreement; (ii) the

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commission of an act of fraud, embezzlement or material dishonesty that results in substantial personal enrichment to the Executive; (iii) the Executive's conviction of, or plea of *nolo contendere* to a felony; (iv) the Executive's gross negligence or breach of fiduciary duty that results in material harm to the Company; (v) the material breach of a material term of the Non-Competition/Non-Solication and Proprietary Inventions and Assigment Agreements (attached as Exhibits hereto) or (vi) the commission of an act which constitutes competition with the Company or any of its affiliates.

b. Change in Control. For purposes of this Agreement, "Change in Control" shall mean the occurrence of any of the following events:

(i) the date on which any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) obtains "beneficial ownership" (as defined in Rule 13d-3 of the Exchange Act) or a pecuniary interest in fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities ("Voting Stock");

(ii) the consummation of a merger, consolidation, reorganization, or similar transaction other than a transaction: (1) in which substantially all of the holders of the Voting Stock hold or receive directly or indirectly fifty percent (50%) or more of the Voting Stock of the resulting entity or a parent company thereof, in substantially the same proportions as their ownership of the Company immediately prior to the transaction; or (2) in which the holders of the Company's capital stock immediately before such transaction will, immediately after such transaction, hold as a group on a fully diluted basis the ability to elect at least a majority of the directors of the surviving corporation (or a parent company); or

(iii) there is consummated a sale, lease, exclusive license, or other disposition by Company of all or substantially all of the consolidated assets of the Company and its affiliates, other than a sale, lease, license, or other or other disposition by Company of all or substantially all of the consolidated assets of the Company and its affiliates to an entity, fifty percent (50%) or more of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, lease, license, or other or other disposition by Company.

c. COBRA. For purposes of this Agreement, "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

d. Code. For purposes of this Agreement, the "Code" means the Internal Revenue Code of 1986, as amended.

e. Good Reason. For purposes of this Agreement, "Good Reason" means (i) without the Executive's express written consent, a reduction of the Executive's duties, position or responsibilities relative to the Executive's duties, position or responsibilities in effect immediately prior to such reduction, or the removal of the Executive from such position, duties and responsibilities, unless the Executive is provided with comparable duties, position and responsibilities; for purposes of clarification, a reduction in duties, position or responsibilities

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solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer of the Company remains as such following a Change in Control but is not made the Chief Executive Officer of the acquiring entity or, if applicable, its parent) shall constitute "Good Reason," (ii) without the Executive's express written consent, a reduction from the immediately preceding year of the Executive's Base Salary (other than a reduction effected in connection with an across-the-board reduction in the compensation of the Company's executive management team necessitated by the business or financial condition of the Company where the reduction to the Executive is no worse than the median percentage reduction to other executives), (iii) a relocation of the Executive more than thirty (30) miles from his then current principal place of business, or (iv) the failure of the Company to require any successor to the Company to assume, in writing, the obligations of the Company to the Executive under this Agreement and any other agreement between the Company and the Executive then in effect; (v) Company's or Buyers (as defined in the Purchase Agreement) breach that is not timely cured of this Agreement, the Purchase Agreement or any other written or oral agreement with Executive; or (vi) Executive's death or disability.

7. Board Membership. The Executive's membership on the Board shall continue during his employment with the Company and, by execution of this Agreement, the Executive agrees to tender the Executive's resignation from the Board, contingent and effective upon the termination of his employment with the Company.

8. Restrictive Covenants. The Executive agrees to execute the Proprietary Interests and Inventions Agreement, Arbitration Agreement and Non-Competition/Non-Solicitation Agreement attached hereto as Exhibits B, C and D, respectively.

9. Limitation on Payments.

a. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to the Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, the Executive's benefits under this Agreement shall be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax (the "Adjusted Amount"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

b. Unless the Company and the Executive otherwise agree in writing, any determination required under this Section shall be made in writing by a mutually agreed independent public accounting firm or other independent third party (the "Accountants"), whose determination in accordance with subsection 9.c. shall be conclusive and binding upon the Executive and the Company for all purposes. The Company shall bear all costs the Accountants

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may reasonably incur in connection with any calculations and opinions contemplated by this Section 9.

c. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code. The Company and the Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Accountants shall provide their calculations, together with detailed supporting documentation, to the Company and the Executive at least fifteen (15) calendar days before the date on which the Executive's right to benefits pursuant to this Agreement is triggered (if requested at that time by the Company or the Executive at least 30 days before such event) or such other time as mutually agreed by the Company and the Executive. If the Accountants determine that no Excise Tax is payable with respect to the benefits provided pursuant to this Agreement, either before or after the application of the Adjusted Amount, it shall furnish the Company and the Executive with an opinion reasonably acceptable to the Executive that no Excise Tax will be imposed with respect to such benefits and payments. Any good faith determinations of the Accountants made hereunder shall be final, binding and conclusive upon the Company and the Executive.

10. Section 409A.

a. Amendment. It is the Company's intention that the benefits and rights to which the Executive could become entitled to in connection with this Agreement, including any termination of employment, comply with Section 409A of the Code. If the Executive or the Company believes, at any time, that any such benefit or right does not comply, it will promptly advise the other and both parties will negotiate reasonably and in good faith to amend the terms of this Agreement so that it complies with Section 409A of the Code in the manner that has the most limited possible economic effect on the Executive.

b. Actions. The Company will not take any action that would expose any payment or benefit to the Executive to accelerated or additional tax under Section 409A of the Code, unless (i) the Company is obligated to take the action under an agreement, plan or arrangement to which the Executive is a party; (ii) the Executive requests the action; (iii) the Company advises the Executive in writing that the action may result in the imposition of accelerated or additional tax under Section 409A of the Code and the Executive subsequently requests in writing that the action be taken. The Company will hold the Executive harmless for any action it may take in violation of this paragraph, including any attorney's fees that the Executive may incur in enforcing his rights hereto.

11. Assignment. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of the Executive upon the Executive's death or disability and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity that at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company and expressly assumes all of

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Company's obligations hereunder. None of the rights of the Executive to receive any form of compensation payable or any obligations of the Executive pursuant to this Agreement may be assigned or transferred, except, with respect to compensation, by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of the Executive's right to compensation or other benefits shall be null and void.

12. Notices. All notices, requests, demands and other communications called for hereunder shall be in writing and shall be deemed given (i) on the date of delivery if delivered personally, (ii) one (1) day after being sent by a well established commercial overnight service, or (iii) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:

All Ad Acquisition, Inc.

420 Lexington Avenue, Ste. 450

New York, New York 10155

Attention: Michael Crow

Telephone: (212) 581-5150

Facsimile: (212) 581-5198

Nixon Peabody437 Madison Avenue

New York, NY 10022Attn: Jane Greyf

Telephone: (212) 940-3155

Facsimile: (866) 516-0358

E-mail: jgreyf@nixonpeabdy.com

If to the Executive:

At the last residential address known by the Company.

13. Severability. If any term or provision of this Agreement shall to any extent be declared illegal or unenforceable by arbitrator(s) or by a duly authorized court of competent jurisdiction, then the remainder of this Agreement or the application of such term or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, each term and provision of this Agreement shall be valid and enforceable to the

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fullest extent permitted by law and the illegal or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term of provision.

14. Integration. This Agreement and the documents and agreements expressly incorporated herein by reference represent the entire agreement and understanding between the parties as to the subject matter herein and supersede all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of the parties hereto.

15. Waiver of Breach. Any waiver of a breach of any term or provision of this Agreement, must be in writing to be effective or binding on the parties and shall not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

16. Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

17. Withholding. The Company shall be entitled to withhold, or cause to withheld, from any payment made to the Executive in respect of the Executive's employment by the Company any amount of, as, or on account of, withholding taxes and other amounts required by law to be withheld, with respect to such payment.

18. Governing Law. This Agreement shall be governed by the laws of the State of New York (with the exception of its conflict of laws provisions).

19. Acknowledgment. The Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

20. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

(Signature Page Follows)

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IN WITNESS WHEREOF, the undersigned have executed this Employment Agreement on the respective dates set forth below.

Parties:

ALL AD ACQUISITION, INC.	EXECUTIVE
By: [signature]	[signature]
Name: Michael Crow	Date: ______________
Title: ______________	The Executive's Address for Notice:
Date: 1.28.08	420 Lexington Avenue, Suite 450 New York, NY 10170

Signature Page of Employment Agreement

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EXHIBIT A, Page 1

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EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

The following Agreement confirms certain terms of my employment with All Ad Acquisition, Inc., (hereafter referred to as the "Company"), which is a material part of the consideration for my employment by the Company and the compensation received by me from the Company from time to time. The headings contained in this Agreement are for convenience only, have no legal significance, and are not intended to change or limit this Agreement in any matter whatsoever.

Definitions

The "Company"

As used in this Agreement, the "Company" refers to All Ad Acquisition, Inc. I understand and agree that the terms of this Agreement will continue to apply to me even if I transfer at some time from one subsidiary or affiliate of the Company to another.

"Proprietary Information"

I understand that the Company possesses and will possess Proprietary Information which is important to its business. For purposes of this Agreement, "Proprietary Information" is information that was or will be developed, created, or discovered by or on behalf of the Company, or which became or will become known by, or was or is conveyed to, the Company, which has commercial value in the Company's business and which relates to any of the Company's business operations, products or services.

"Proprietary Information" includes, but is not limited to information about software programs and subroutines, source and object code, algorithms, trade secrets, designs, technology, know-how, processes, data, ideas, techniques, inventions (whether patentable or not), works of authorship, formulas, business and product development plans, customer lists, terms of compensation and performance levels of Company employees, Company customers and other information concerning the Company's actual or anticipated business, research or development, or which is received in confidence by or for the Company from any other person.

I understand that my employment creates a relationship of confidence and trust between the Company and me with respect to Proprietary Information.

"Company Documents and Materials"

I understand that the Company possesses or will possess "Company Documents and Materials" which are important to its business. For purposes of this Agreement, "Company Documents and Materials" are documents or other media or tangible items that contain or embody Proprietary Information or any other information concerning the business, operations or plans of the Company, whether such documents, media or items have been prepared by me or by others.

"Company Documents and Materials" include, but are not limited to, blueprints, drawings, photographs, charts, graphs, notebooks, customer lists, computer disks, tapes or printouts, sound

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recordings and other printed, typewritten or handwritten documents, sample products, prototypes and models.

Assignment of Rights

All Proprietary Information and all patents, patent rights, copyrights, trade secret rights, trademark rights and other rights (including, without limitation, intellectual property rights) anywhere in the world in connection therewith is and shall be the sole property of the Company. I hereby assign to the Company any and all rights, title and interest I may have or acquire in any Proprietary Information that was developed in whole or in part by me in the course of my employment by the Company.

At all times, both during my employment by the Company and after its termination, I will keep in confidence and trust and will not use or disclose any Proprietary Information or anything relating to it without the prior written consent of an officer of the Company, except as may be necessary in the ordinary course of performing my duties to the Company.

Maintenance and Return of Company Documents and Materials

I agree to make and maintain adequate and current written records, in a form specified by the Company, of all inventions, trade secrets and works of authorship assigned from me or to be assigned to the Company pursuant to this Agreement. All Company Documents and Materials are and shall be the sole property of the Company.

I agree that during my employment by the Company, I will not remove any Company Documents and Materials from the business premises of the Company or deliver any Company Documents and Materials to any person or entity outside the Company, except as I am required to do in connection with performing the duties of my employment. I further agree that, immediately upon the termination of my employment by me or by the Company for any reason, or during my employment if so requested by the Company, I will return all Company Documents and Materials, apparatus, equipment and other physical property, or any reproduction of such property, excepting only (i) my personal copies of records relating to my compensation; (ii) my personal copies of any materials previously distributed generally to Employees of the Company; and (iii) my copy of this Agreement.

Disclosure of Inventions to the Company

I will promptly disclose in writing to my immediate supervisor or to such other person designated by the Company all "Inventions," which includes, without limitation, all software programs or subroutines, source or object code, algorithms, improvements, inventions, works of authorship, trade secrets, technology, designs, formulas, ideas, processes, techniques, know-how and data, whether or not patentable, made or discovered or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment which relate to any of the Company's business operations, products or services.

I will also disclose to the President of the Company all Inventions made, discovered, conceived, reduced to practice, or developed by me within six (6) months after the termination of my employment with the Company which resulted, in whole or in part, from my prior employment

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by the Company. Such disclosures shall be received by the Company in confidence (to the extent such Inventions are not assigned to the Company pursuant to Section (E) below) and do not extend the assignment made in Section (E) below.

Right to New Ideas

Assignment of Inventions to the Company

I agree that all Inventions which I make, discover, conceive, reduce to practice or develop (in whole or in part, either alone or jointly with others) during my employment shall be the sole property of the Company to the maximum extent permitted by Section 2870 of the *California Labor Code* or any like statute of any other state. Section 2870 provides as follows:

Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.

(2) Result from any work performed by the employee for his employer.

To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

This assignment shall not extend to Inventions, the assignment of which is prohibited by *Labor Code* Section 2870.

Works Made for Hire

The Company shall be the sole owner of all patents, patent rights, copyrights, trade secret rights, trademark rights and all other intellectual property or other rights in connection with Inventions. I further acknowledge and agree that such Inventions, including, without limitation, any computer programs, programming documentation, and other works of authorship, are "works made for hire" for purposes of the Company's rights under copyright laws. I hereby assign to the Company any and all rights, title and interest I may have or acquire in such Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or machine a prior Invention owned by me or in which I have interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, sublicensable, worldwide license to make, have made, modify, use, market, sell and distribute such prior Invention as part of or in connection with such product, process or machine.

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Cooperation

I agree to perform, during and after my employment, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in further evidencing and perfecting the assignments made to the Company under this Agreement and in obtaining, maintaining, defending and enforcing patents, patent rights, copyrights, trademark rights, trade secret rights or any other rights in connection with such Inventions and improvements thereto in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorney-in-fact to act for and on my behalf and instead of me, to execute and file any documents, applications or related findings and to do all other lawfully permitted acts to further the purposes set forth above in this Subsection (3), including, without limitation, the perfection of assignment and the prosecution and issuance of patents, patent applications, copyright applications and registrations, trademark applications and registrations or other rights in connection with such Inventions and improvements thereto with the same legal force and effect as if executed by me.

Assignment or Waiver of Moral Rights

Any assignment of copyright hereunder (and any ownership of a copyright as a work made for hire) includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights" (collectively "Moral Rights"). To the extent such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, I hereby waive such Moral Rights and consent to any action of the Company that would violate such Moral Rights in the absence of such consent.

List of Inventions

I have attached hereto as Exhibit B-1, a complete list of all inventions or improvements to which I claim ownership and that I desire to remove from the operation of this Agreement, and I acknowledge and agree that such list is complete. If no such list is attached to this Agreement, I represent that I have no such inventions or improvements at the time of signing this Agreement.

Non-Solicitation of Company Employees

During the Restricted Period (as defined in the Non-Competition/Non-Solicitation Agreement, dated November 14, 2007, by and between the Company and me), I will not encourage or solicit any employee of the Company to leave the Company for any reason or to accept employment with any other company. As part of this restriction, I will not interview or provide any input to any third party regarding any such person during the period in question. However, this obligation shall not affect any responsibility I may have as an employee of the Company with respect to the bona fide hiring and firing of Company personnel.

Company Authorization for Publication

Prior to my submitting or disclosing for possible publication or dissemination outside the Company any material prepared by me that incorporates information that concerns the

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Company's business or anticipated research, I agree to deliver a copy of such material to an officer of the Company for his or her review. Within twenty (20) days following such submission, the Company agrees to notify me in writing whether the Company believes such material contains any Proprietary Information or Inventions, and I agree to make such deletions and revisions as are reasonably requested by the Company to protect its Proprietary Information and Inventions. I further agree to obtain the written consent of the Company prior to any review of such material by persons outside the Company.

Former Employer Information

I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me in confidence or in trust prior to my employment by the Company, and I will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employers or others. I have not entered into and I agree I will not enter into any agreement, either written or oral, in conflict herewith or in conflict with my employment with the Company. I further agree to conform to the rules and regulations of the Company.

Severability

I agree that if one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

Authorization to Notify New Employer

I hereby authorize the Company to notify my new employer about my rights and obligations under this Agreement following the termination of my employment with the Company.

Reliance on Representations

I understand and acknowledge that, except as set forth in this Agreement and in the offer letter from the Company to me, (i) no other representation or inducement has been made to me, (ii) I have relied on my own judgment and investigation in accepting my employment with the Company, and (iii) I have not relied on any representation or inducement made by any officer, employee or representative of the Company. No modification of or amendment to this Agreement nor any waiver of any rights under this Agreement will be effective unless in a writing signed by the Company's Director of HR Acquisitions and me. I understand and agree that any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

Effective Date

This Agreement shall be effective as of the first day of my employment with the Company and shall be binding upon me, my heirs, executor, assigns and administrators and shall inure to the benefit of the Company, its subsidiaries, successors and assigns. Notwithstanding any other

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provision hereof to the contrary, the parties hereto acknowledge and agree that this Agreement shall only become effective on the Closing Date (as such term is defined in the Stock Purchase Agreement, dated November 14, 2007, by and between the Company and me).

Governing Law

Although I may work for the Company outside of California or the United States, I understand and agree that this Agreement shall be interpreted and enforced in accordance with the laws of the State of California.

I HAVE READ THIS AGREEMENT CAREFULLY AND I UNDERSTAND AND ACCEPT THE OBLIGATIONS WHICH IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ME TO INDUCE ME TO SIGN THIS AGREEMENT. I SIGN THIS AGREEMENT VOLUNTARILY AND FREELY.

Date	Employee Signature
	Employee Name (Please Print)

[SIGNATURE PAGE TO PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT]

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EXHIBIT A-1

1. The following is a complete list of all Inventions or improvements relevant to the subject matter of my employment by the Company that have been made or discovered or conceived or first reduced to practice by me or jointly with others prior to my employment by the Company that I desire to remove from the operation of the Company's Proprietary Information and Inventions Agreement:

___ No inventions or improvements.

___ See below: Any and all inventions regarding the following:

___ Additional sheets attached.

2. I propose to bring to my employment the following materials and documents of a former employer: (NOTE: You do not need to list materials and documents if the former employer has been acquired by All Ad Acquisition, Inc.).

___ No materials or documents.

___ See below:

____
Date

Employee Signature

____
Employee Name (Please Print)

EXHIBIT B-1

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EXHIBIT B

ARBITRATION AGREEMENT

This Mutual Arbitration Agreement ("Agreement") is entered into between All Ad Acquisition, Inc. ("Company") and the employee named below ("Employee").

Agreement to Arbitrate Certain Disputes and Claims

We agree to arbitrate before a neutral arbitrator any and all disputes or claims arising from or relating to Employee's employment with Company, or the termination of that employment, including claims against any current or former agent or employee of Company, whether the disputes or claims arise in tort, contract, or pursuant to a statute, regulation, or ordinance now in existence or which may in the future be enacted or recognized, including, but not limited to, the following claims:

- claims for fraud, promissory estoppel, fraudulent inducement of contract or breach of contract or contractual obligation, whether such alleged contract or obligation be oral, written, or express or implied by fact or law;
- claims for wrongful termination of employment, violation of public policy and constructive discharge, infliction of emotional distress, misrepresentation, interference with contract or prospective economic advantage, defamation, unfair business practices, and any other tort or tort-like causes of action relating to or arising from the employment relationship or the formation or termination thereof;
- claims for discrimination, harassment, or retaliation under any and all federal, state, or municipal statutes, regulations, or ordinances that prohibit discrimination, harassment, or retaliation in employment, as well as claims for violation of any other federal, state, or municipal statute, regulation, or ordinance, except as set forth herein;
- claims for non-payment or incorrect payment of wages, commissions, bonuses, severance, employee fringe benefits, stock options and the like, whether such claims be pursuant to alleged express or implied contract or obligation, equity, the California Labor Code, the Fair Labor Standards Act, the Employee Retirement Income Securities Act, and any other federal, state, or municipal laws concerning wages, compensation or employee benefits; and
- claims arising out of or relating to the grant, exercise, vesting and/or issuance of equity in the Company or options to purchase equity in the Company.

We understand and agree that arbitration of the disputes and claims covered by this Agreement shall be the sole and exclusive method of resolving any and all existing and future disputes or claims arising out of Employee's employment with Company or the termination thereof. We further understand and agree that claims for workers' compensation benefits, unemployment insurance, or state or federal disability insurance are not covered by this Agreement and shall

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therefore be resolved in any appropriate forum, including courts of law, as required by the laws then in effect.

We understand and agree that nothing in this Agreement shall prevent either party from seeking from a court the remedy of an injunction for a claimed misappropriation of a trade secret, patent right, copyright, trademark, or any other intellectual or confidential property. Nothing in this Agreement should be interpreted as restricting or prohibiting the Employee from filing a charge or complaint with a federal, state, or local administrative agency charged with investigating and/or prosecuting complaints under any applicable federal, state or municipal law or regulation. Any dispute or claim that is not resolved through the federal, state, or local agency must be submitted to arbitration in accordance with this Agreement.

We understand and agree that any demand for arbitration by either the Employee or Company shall be filed within the statute of limitation that is applicable to the claim(s) upon which arbitration is sought or required. Any failure to demand arbitration within this time frame shall constitute a waiver of all rights to raise any claims in any forum arising out of any dispute that was subject to arbitration.

Final and Binding Arbitration

We understand and agree that the arbitration of disputes and claims under this Agreement shall be instead of a trial before a court or jury. We further understand and agree that, by accepting this Agreement, we are expressly waiving any and all rights to a trial before a court regarding any disputes and claims which we now have or which we may in the future have that are subject to arbitration under this Agreement.

Arbitration Procedures

We understand and agree that the arbitration shall be conducted in accordance with the Employment Arbitration Rules and Procedures of JAMS; provided, however, that the Arbitrator shall allow the discovery authorized by California Code of Civil Procedure section 1283.05 or any other discovery required by law in arbitration proceedings and the California Rules of Evidence shall apply. A copy of the JAMS Employment Arbitration Rules and Procedures can be found through a link on the JAMS website, which is presently located at the following url: http://www jamsadr.org. To the extent that any of the JAMS Employment Arbitration Rules and Procedures or anything in this Agreement conflicts with any arbitration procedures required by applicable law, the arbitration procedures required by applicable law shall govern. Employee and Company also agree that nothing in this Agreement relieves either of them from any obligation they may have to exhaust certain administrative remedies before arbitrating any claims or disputes under this Agreement.

We understand and agree that the Arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The Arbitrator shall have the authority to award any relief authorized by law in connection with the asserted claims or disputes. The Arbitrator's award shall be subject to correction, confirmation, or vacation, as provided by any applicable law setting forth the standard of judicial review of arbitration awards.

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Place of Arbitration

We understand and agree that the arbitration shall take place in San Diego, California, or, at the Employee's option, the county in which the Employee resides at the time the arbitrable dispute or claim arose.

Governing Law

We understand and agree that this Agreement and its validity, construction and performance, as well as disputes and/or claims arising under this Agreement, shall be governed by the laws of the State of New York. If the Agreement is not enforceable under these laws, the parties agree to apply applicable federal law.

Costs of Arbitration

We understand and agree that Company will bear the arbitrator's fee and any other type of expense or cost that the employee would not be required to bear if he or she were free to bring the dispute or claim in court as well as any other expense or cost that is unique to arbitration. Company and Employee shall each pay their own attorneys' fees incurred in connection with the arbitration; provided that the arbitrator will have authority to award attorneys' fees to the prevailing party. If there is a dispute as to whether Company or Employee is the prevailing party in the arbitration, the Arbitrator will decide this issue.

Severability

We understand and agree that if any term or portion of this Agreement shall, for any reason, be held to be invalid or unenforceable or to be contrary to public policy or any law, then the remainder of this Agreement shall not be affected by such invalidity or unenforceability but shall remain in full force and effect, as if the invalid or unenforceable term or portion thereof had not existed within this Agreement.

Complete Agreement

We understand and agree that this Agreement contains the complete agreement between Company and Employee regarding the subjects covered in it; that it supersedes any and all prior representations and agreements between us, if any; and that it may be modified only in a writing, expressly referencing this Agreement, and signed by the Chief Executive Officer of Company and Employee. If this modification has not been signed by the Employee, but the Employee continues to accept employment after having notice of the modification, it shall become effective after a reasonable period

Knowing Acceptance of Agreement

We understand and agree that we have been advised to consult with an attorney of our own choosing before accepting this Agreement, and we have had an opportunity to do so. We agree that we have read this Agreement carefully and understand that by accepting it, we are waiving all rights to a trial or hearing before a court or jury of any and all disputes and claims subject to arbitration under this Agreement. It is intended that this Agreement shall at all times apply to

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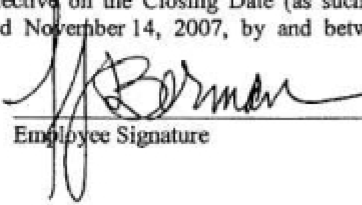
Company and shall immediately apply to Employee upon signing, upon any form of electronic acceptance or within a reasonable time following continued employment.

Notwithstanding any other provision hereof to the contrary, the parties hereto acknowledge and agree that this Agreement shall only become effective on the Closing Date (as such term is defined in the Stock Purchase Agreement, dated November 14, 2007, by and between the Company and Employee).



Date

Employee Signature

Employee Name (Please Print)

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EXHIBIT D

NON-COMPETITION/NON-SOLICITATION AGREEMENT

This **Non-Competition Agreement** (this "**Agreement**"), dated November 14, 2007, is made by and between Richard J. Berman (the "**Employee**") and All Ad Acquisition, Inc. a Delaware corporation ("**Acquiror**"). For purposes of this Agreement, "Acquiror" shall be deemed to include Acquiror and its wholly and majority-owned direct and indirect subsidiaries that operate the Business (as defined below) of the Company.

Background

Acquiror and Ad Authority, Inc., a Delaware corporation (the "**Company**") are parties to an Stock Purchase Agreement dated on or about November 14, 2007 (the "**Purchase Agreement**"), pursuant to which Acquiror will acquire the Company (the "**Purchase**"). Employee understands and agrees that he is a key and significant member of either the management and/or the technical workforce of the Company and that he will receive substantial consideration as a result of Acquiror's purchase of the Company. Employee is willing to enter into this Agreement as a condition of the closing of the Purchase and to protect Acquiror's legitimate interests as a key employee of the Company. Employee understands and acknowledges that the execution and delivery of this Agreement by Employee is a material inducement to the willingness of Acquiror to enter into the Purchase Agreement, and a material condition to Acquiror consummating the transactions contemplated by the Purchase Agreement. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Purchase Agreement.

Acquiror and Employee both agree that the Company's business includes the design, development, manufacture, production, marketing and sales of products and services related to the Business (as defined below) throughout each county or state of the United States or country in which the Company conducted or as of the Closing Date (as defined in the Purchase Agreement) had developed or had been actively developing (the "**Restrictive Territory**"). Acquiror represents and Employee understands that, following the Purchase, Acquiror will continue conducting the Company's business in the Restrictive Territory.

NOW, THEREFORE, in consideration of the foregoing premises and for good and valuable consideration, receipt of which is hereby acknowledged, Employee, intending to be legally bound, agrees as follows:

1. **Agreement Not to Compete/Solicit.** During the Restrictive Period (as defined below), Employee agrees that he will not, as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, Employee, investor, lender or guarantor of any corporation, partnership or other entity, or in any other capacity directly or indirectly:

(a) engage in, have an interest in or provide advice or assistance to any internet advertising business if at the time of the proposed activity the Company is engaged in or as of the Closing Date of the Purchase had developed or had been actively developing such business (hereafter referred to as the "**Business**") in the Restrictive Territory; or

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(b) permit Employee's name to be used in connection with a business, which is competitive or substantially similar to the Business; or

(c) do anything to cause or encourage any officer, director, employee, consultant, agent or broker of the Company to terminate or sever his or her employment or other relationship with the Company for the purpose of competing with or proposing to compete with the Company, or for the purpose of damaging the Company in any way; or

(d) do anything to cause or encourage any customer to terminate, modify or fail to review any contract or other relationship with the Company; or

(e) (iii) contact or otherwise act in concert with, for purposes of competing, directly or indirectly, or aiding another to compete, directly or indirectly, with the Business or of damaging the Company in any way, any person that became known to Employee by or through the Business or whose name or business was obtained by or from the Company; or

(f) without the prior written consent of Buyer, directly or indirectly, solicit for employment or hire any current employee, agent or broker of the Company.

Notwithstanding the foregoing, Employee may (i) own, directly or indirectly, solely as an investment, up to one percent (1%) of any class of "publicly traded securities" of any business that is competitive or substantially similar to the Business or (ii) work for a division, entity or subgroup of any of such companies that engages in the Business so long as such division, entity or subgroup does not engage in the Business. The term "publicly traded securities" shall mean securities that are traded on a national securities exchange or listed on the National Association of Securities Dealers Automated Quotation System.

For purposes of this Agreement, the restrictive period (referred to herein as the "**Restrictive Period**") shall commence on the Closing Date of the Purchase and shall continue until the third (3rd) anniversary of the Closing Date; provided, however, that with respect to (a) through (c) above, if Employee's employment with the Company is terminated without "Cause" (as such term is defined in Employee's employment agreement with Acquiror) or by Employee for "Good Reason" (as such term is defined in Employee's employment agreement with Acquiror or Company) the Restrictive Period shall end on the earlier of (i) one (1) year after the termination of employment date and (ii) three (3) years after the Closing Date. In the event that no Closing occurs as contemplated by the Purchase Agreement and the Purchase Agreement thereby terminates, this Agreement shall terminate and be of no further force or effect.

2. **Acknowledgment**. Employee hereby acknowledges and agrees that:

(a) this Agreement is necessary for the protection of the legitimate business interests of Acquiror in acquiring the Company;

(b) the execution and delivery and continuation in force of this Agreement is a material inducement to Acquiror to execute the Purchase Agreement and is a mandatory condition precedent to the closing of the Purchase, without which Acquiror would not close the transactions contemplated by the Purchase Agreement;

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(c) the scope of this Agreement in time, geography and types and limitations of activities restricted is reasonable;

(d) Employee has no intention of competing with the Business acquired by Acquiror within the area and the time limits set forth in this Agreement; and

(e) breach of this Agreement will be such that Acquiror will not have an adequate remedy at law because of the unique nature of the operations and the assets being conveyed to Acquiror.

3. **Remedy.** Employee acknowledges and agrees that (a) the rights of Acquiror under this Agreement are of a specialized and unique character and that immediate and irreparable damage will result to Acquiror if Employee fails to or refuses to perform his obligations under this Agreement and (b) Acquiror may, in addition to any other remedies and damages available, seek an injunction in a court of competent jurisdiction to restrain any such failure or refusal. No single exercise of the foregoing remedies shall be deemed to exhaust Acquiror's right to such remedies, but the right to such remedies shall continue undiminished and may be exercised from time to time as often as Acquiror may elect. Employee represents and warrants that his expertise and capabilities are such that his obligations under this Agreement (and the enforcement thereof by injunction or otherwise) will not prevent him from earning a livelihood.

4. **Severability.** If any provisions of this Agreement as applied to any part or to any circumstances shall be adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of such provision in any other circumstances, or the validity or enforceability of this Agreement. Acquiror and Employee intend this Agreement to be enforced as written. If any provision, or part thereof, however, is held to be unenforceable because of the duration thereof or the area covered thereby, all parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases and in its reduced form such provision shall then be enforceable.

5. **Amendment.** This Agreement may not be amended except by an instrument in writing signed by Acquirer's Senior Vice President of Human Resources, or his or her designee, and Employee.

6. **Waiver.** No waiver of any nature, in any one or more instances, shall be deemed to be or construed as a further or continued waiver of any breach of any other term or agreement contained in this Agreement.

7. **Headings.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8. **Governing Law.** This Agreement shall be construed and interpreted and its performance shall be governed by the laws of the State of New York without regard to conflicts of law principles of any jurisdiction.

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9. **Entire Agreement**. This Agreement and the documents referenced herein constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter of this Agreement (but does not in any way merge or supersede the Purchase Agreement or any other agreement executed in connection with the Purchase Agreement, including the Employee's employment agreement with Acquiror, if any). To extent that the provisions of this Agreement are ambiguous or incomplete they shall be construed in a manner consistent with the Purchase Agreement or other agreement executed in connection therewith, although in the event of a conflict between the terms of this Agreement and such other agreements, the terms of this Agreement shall control.

IN WITNESS WHEREOF, Acquiror and Employee have executed this Agreement on the day and year first above written.

Employee

Signature

Name (Please Print)

All Ad Acquisition, Inc.
a Delaware corporation

By:
Name:
Title:

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Exhibit 17.1

To Morlex, Inc.:

I hereby resign as President, Secretary, Treasurer and Director of Morlex, Inc., a Colorado corporation, effective immediately.

Dated: February 14, 2008

/s/ Michael Miller

Michael Miller

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Exhibit 17.2

To Morlex, Inc.:

I hereby resign as a Director of Morlex, Inc., a Colorado corporation, effective immediately.

Dated: February 14, 2008

/s/ Jeanne Baer

Jeanne Baer

Title

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Exhibit 17.3

To Morlex, Inc.:

I hereby resign as a Director of Morlex, Inc., a Colorado corporation, effective immediately.

Dated: February 14, 2008

/s/ Michelle Kaplan

Michelle Kaplan

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the inclusion in the Current Report on Form 8-K of Morlex, Inc. of our reports, as listed below, with respect to financial statements filed therewith:

- RightSide Holdings, Inc., dated April 20, 2007 and January 28, 2008.
- Duncan Media Group, Inc., dated January 21, 2008.
- Superfly Advertising, Inc., dated October 29, 2007, December 26, 2007 and December 30, 2007.
- 21st Century Investors Publishing Corporation, dated December 31, 2007.

PETERSON SULLIVAN PLLC

/s/ Peterson Sullivan PLLC
Seattle, Washington
February 14, 2008

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