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

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2010.

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from to

MGT CAPITAL INVESTMENTS, INC.

(Exact Name of Registrant as Specified in its Charter)
(formerly Medicsight Inc.)

Delaware	**0-26886**	**13-4148725**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom
(Address of principal executive offices, including zip code)

011-44-207-605-1151
(Registrant's Telephone Number, Including Area Code)

Securities registered under section 12(b) of the Exchange Act: **Common stock, par value $0.001 per share**

Securities registered under section 12(g) of the Exchange Act: **Not applicable**

Name of each exchange on which registered: **NYSE AMEX**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐	Accelerated filer ☐
Non-accelerated Filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the Registrant is a shell Company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2010, the last day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $6,836,000

The common stock is the registrant's only class of stock.

As of April 12, 2011 the registrant had outstanding 39,550,590 shares of common stock, $0.001 par value

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All financial amounts are in thousands except share and per share data.

NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of MGT Capital Investments, Inc. and its consolidated subsidiaries (the "Company") to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of revenue, gross margin, expenses, earnings or losses from operations, synergies or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the rate of market development and acceptance of medical imaging technology and medical hardware devices; the execution of restructuring plans; any statement concerning developments, performance or industry rankings relating to products or services; any statements regarding future economic conditions or performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the performance of contracts by suppliers, customers and partners; employee management issues; the difficulty of aligning expense levels with revenue changes; and other risks that are described herein, including but not limited to the specific risks areas discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this report, and that are otherwise described from time to time in the Company's periodic disclosure statements and for reports filed with the Securities and Exchange Commission. The Company assumes no obligation and does not intend to update these forward-looking statements.

The Company's main operating currency is UK sterling (£).

PART I

Item 1 Business

MGT Capital Investments, Inc. ("MGT", "we", "us", "the Group", "the Company") is a holding company. We currently have a controlling interest in Medicsight plc ("Medicsight"). We also have wholly owned subsidiaries MGT Capital Investments (UK) Limited, MGT Capital Investments Limited and MGT Investments (Gibraltar) Limited.

- Medicsight and its wholly owned subsidiaries is a medical technology company focusing on medical imaging software development and medical hardware devices. The Company is listed on the AIM Market of the London Stock Exchange (Ticker symbol "MDST") and develops and commercializes enterprise-wide Computer-Aided Detection ("CAD") applications which analyze Computer Tomography ("CT") scans to assist radiologists in the early detection and measurement of colorectal polyps and lung lesions. The Company has also developed an automated carbon dioxide (CO_2) insufflation device (MedicCO_2LON) which it commercializes through a global distributor. Medicsight currently has limited revenue and is awaiting regulatory approvals in key markets. The Company holds 86 million shares (55%) of the 155 million issued share capital of Medicsight.

- At December 31, 2010, the Company also had a 49% holding in Moneygate Group Limited, a United Kingdom ("UK") based firm of Independent Financial Advisors. On January 31, 2011, the Company entered into a Sale and Purchase Agreement (the "Purchase Agreement") with Committed Capital Nominees Limited ("Committed"). Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) 9,607,843(representing all shares held by the company) shares of Moneygate Group Limited ("Moneygate") for total consideration of £0.096 ($0.154); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387).

The Purchase Agreement was conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011.

Medicsight

Medicsight is an industry leader in the development of Computer-Aided Detection ("CAD") and image analysis software to assist radiologists in the early detection and diagnosis of disease. The Group's focus continues to be on developing CAD software applications and related other technologies and products that help clinicians in the early detection of potential colonic polyps when analyzing medical images generated from Computerized Tomography ("CT") scanners.

Product development

ColonCAD

Medicsight's core technology is the proprietary ColonCAD™ algorithm that is integrated (using application protocol interface ("API") technology) into visualization workstations for radiologists to use when reviewing a patient's colon CT scan data.

The CAD algorithm assists the radiologist as they search for polyps in the CT scan image data. The radiologist uses the visualization software to review the patient's CT scan images on the screen and search for polyps (potentially pre-cancerous lesions on the wall of the colon). After a full review the radiologist then activates the Medicsight ColonCAD™ software - which immediately displays "CAD marks" on the images, drawing the radiologist's attention to potential polyps and other regions of interest. The radiologist then assesses each marked region in order to make the final decision as to the presence or absence of a polyp.

Clinical studies have demonstrated that radiologists assisted by Medicsight's ColonCAD™ technology have a significantly higher sensitivity for the detection of patients with polyps in CT colonography compared to unassisted reading (i.e. traditional reading without the use of ColonCAD™).

Medicsight launched ColonCAD 4.0 in March 2009. This release significantly reduced the number of false-positive CAD marks presented to a radiologist reviewing a patient data set. Medicsight has further developed its ColonCAD technology and on March 24, 2011 released a 64bit version of the software. Further improvements in sensitivity and reduction of false-positive CAD marks remain in development. We hope to be able to release these in the second half of 2011.

Medicsight's ColonCAD™ has been developed and validated using a large database of CT scans from hospitals around the world and has been assessed in many clinical studies, the results of which have been published in peer-reviewed publications and presented at leading radiology conferences.

MedicCO_2LON

In addition to the computer aided detection software applications, Medicsight has developed an automated CO_2 insufflation device called MedicCO_2LON.

Each patient that has a CT colon scan requires their colon to be insufflated (distended) with either CO_2 gas or room air administered prior to the acquisition of their CT colonography images. MedicCO_2LON is designed to provide good quality insufflation, which is essential for the acquisition of high quality images from the CT colonography examination. Without a good quality "insufflated image", CT images are poor quality and difficult to review by clinicians.

Longer term projects

Some longer term colon related opportunities that we continue to research include:

- Prone and supine registration technology – currently clinicians review 2 data sets for each patient. This registration project aims to "register" the two data sets, including polyps and regions of interest in to one patient data set – reducing clinical review time.

- Optical endoscopy – we have a research subsidiary, MedicEndo Limited working with leading London academic and clinical centers, Medicsight is researching the use of CAD and other image analysis technologies in the field of optical endoscopy, with a view to these technologies combining information in real time (i.e. as a clinician examines a patient) from sources of patient data.

- Other projects in early stages of R&D include prepless and reduced-prep CAD and flat lesion detection.

Intellectual Property

Medicsight continues to develop its intellectual property portfolio to protect the core technology in its CAD and other products. During 2010 patents were granted in the UK and US covering aspects of Medicsight CAD algorithms (for both Colon and Lung) as well as image processing methods related to the identification of the boundary of lesions. Medicsight currently has 12 patents granted and 29 pending in various territories.

Regulatory approvals and submissions

US Food and Drug Administration clearance

In November 2008 Medicsight submitted the ColonCAD™ 510(k) application to the Food and Drug Administration ("FDA") for clearance in the United States of America ("USA"). In December 2008 we received an Additional Information ("AI") letter from the FDA and submitted our response to the FDA's enquires in March 2009.

During the summer of 2009 we had a number of informal meetings and discussions with the FDA as they performed their review of our 510(k) submission.

On January 5, 2010 we received our second Additional Information ("AI") letter from the FDA, in which the FDA requested further technical details regarding the clinical trials and data analyses undertaken in our 510(k) submission. After working closely with the clinical, statistical and legal advisors, the Company sent a comprehensive response to the FDA on June 2, 2010.

Following this response the FDA asked a series of informal questions including a request for additional statistical analysis on the submission data. The Company completed the analysis and responded to the FDA on March 7, 2011. We are currently awaiting feedback from the FDA on the status of the application.

Japanese Ministry of Health, Labour and Welfare

In November 2007 we submitted our MedicRead Colon application to the Ministry of Health, Labour and Welfare ("MHLW") regulatory authorities in Japan.

During 2009 and 2010 we attended a number of meetings with ministry officials, demonstrated the product, answered specific questions regarding the product application and formally responded to questions from the MHLW. Following completion of the submission review and quality audit phases the authorities are performing the reliability audit phase of their review and have requested some additional data from the Company in order to complete their review. The Company is in the process of responding to this request. We believe the recent Earthquake in Japan has had no impact on our employees, intellectual property or data. We are unable to assess the impact to the MHLW review process at this time.

Other regulatory territories

In November 2009, we submitted MedicRead 3.0 (our visualization workstation which includes version 4.0 of the Medicsight ColonCAD API) to the Chinese State Food and Drug Administration ("SFDA") for approval. On October 13, 2010 the application was approved.

On March 25, 2011 version 4.1 of the Medicsight ColonCAD API was CE marked in Europe, which certifies that the product has met European Union health, safety, and environmental standards. On the same day, the Company released the product to its partners for sale in Europe.

MedicCO_2LON

In February 2010 our MedicCO_2LON automated CO_2 insufflation device was CE marked in Europe.

In partnership with our distribution partner MEDRAD Inc. in August 2010 we submitted MedicCO_2LON to the Ministry of Health, Labour and Welfare ("MHLW") regulatory authorities in Japan for approval. We are currently awaiting feedback.

We are currently preparing a submission to the Chinese State Food and Drug Administration ("SFDA") for approval. In March 2011 we submitted MedicCO_2LON to the Therapeutic Goods Administration ("TGA") in Australia for approval and we are currently awaiting feedback.

Clinical Activity

Medicsight's Clinical Development team continued their work supported by a network of global medical luminaries.

Scientific presentations of Medicsight's CAD research were also made at the annual European Congress of Radiology (held in Vienna during March 2010), at the 20th Annual Meeting of the European Society of Gastrointestinal and Abdominal Radiology "ESGAR" (Dresden, Germany, June 2010) and the annual Radiological Society of North America "RSNA" conference (Chicago, USA, December 2010).

Medicsight continued to sponsor of a number of international CT colonography training workshops, including those delivered by leading US proponents of CT colonography, Professor Perry Pickhardt (University of Wisconsin Medical School) and Judy Yee, MD (Associate Professor and Vice Chair of Radiology at the University of California, San Francisco). Medicsight again supported the bi-annual ESGAR CTC training workshops; held in Amsterdam (Netherlands) and Cascais (Portugal) during 2010. These workshops train radiologists to interpret CTC images using the latest visualization and CAD technology and are fundamental to the increasing acceptance and implementation of CT colonography and CAD as a routine imaging examination for investigation of the colon.

Commercial progress

Medicsight's primary route to market is via partnerships with global advance visualization companies, Picture Achieve Communication System (PACS) suppliers and other Own Equipment Manufacturers ("OEM").

Medicsight currently has partnership agreements with Vital Images Inc., TeraRecon Inc., Viatronix Inc., Toshiba Medical Visualization Systems (previously Barco NV), Infinitt, Ziosoft Inc., Intrasense SAS and Alma IT Systems.

We continue to work closely with our existing partners in order to increase market awareness and drive additional demand for our CAD software. In addition we continue to seek new partners to bring the product to market.

In January 2010 we signed a global distribution agreement for MedicCO_2LON with MEDRAD Inc. The product was CE marked in February 2010 and launched in Europe in March 2010 at the European Congress of Radiology held in Vienna, and has subsequently generated sales. We work closely with MEDRAD and look forward to additional sales once the product receives regulatory approval in other territories.

Revenue and Growth Strategy

Revenues remain limited and have risen as a result of increased sales of the CAD and MedicCO_2LON products— Medicsight recorded revenues of $540 in 2010 compared to $180 in 2009. Medicsight ended 2010 with net assets of $9,478 including $8,256 of cash and short term deposits. At December 31, 2010 all of our liquid assets were held as short term cash balances, mainly in sterling. Post year end, we continue to hold our surplus cash on short term deposit.

The Company anticipates European license sales will continue to increase marginally and MedicCO_2LON sales will be higher in 2011 in line with our commercial agreements. The Company is hopeful of an FDA approval being granted following review of its recently filed response to the FDA's informal questions. Post FDA approval we expect sales to increase.

Competition

The Company's competitors can be divided into two categories: (a) multidetector computed tomography ("MDCT") scanner manufacturers such as GE, Hitachi, Philips, Siemens and Toshiba; and (b) independent CAD software providers.

A number of MDCT manufacturers offer CAD solutions that are available in European markets, however currently the only FDA approved CAD solutions are Siemens Lung CAD and iCAD's VeraLook.

In the CAD vendor market, there are a number of small, independent software providers, which include:

- im3D (Italy) — have developed a Colon CAD product that is CE marked but not FDA cleared;
- Median Technologies (France) — have developed a Colon CAD product and a Lung CAD (CAD-lung) — both have been CE marked but do not have FDA clearance;
- Mevis Medical Solutions AG (Germany) — have a Lung CAD product that is FDA approved; and
- iCAD Inc. (USA) — have developed a Colon CAD product which is CE marked and FDA approved; and
- Cadens Imaging (Canada) — have also developed a Colon CAD product which is CE marked and has been submitted to the FDA for approval.

Patents and Trademarks

Protection of our proprietary technology and our rights over that technology, from copy or unchallenged and improper use, is essential to our future success. Any challenges to, or disputes concerning, our core technology may result in great expense to us, delays in bringing products to market and disruption of our focus on our core activities. They may also result in loss of rights over our technology or the right to operate in particular markets due to adverse legal decisions against us.

Medicsight has filed patent applications in the United Kingdom, the United States, the European Patent Office, Japan, South Korea, Australia, Canada, and under the International Patent Cooperation Treaty (which currently has 128 member countries) covering our core technologies and their applications. We have recently filed new patent applications covering technology of both Medicsight CAD and intend to continue filing new applications in the future. Two patents have been granted in the US covering aspects of Medicsight CAD technology. Although prior art searches have been carried out, we cannot provide assurance that any or all of the pending patents will be granted or that they will not be challenged, or that rights granted to us will actually provide us with advantage over our competitors. Medicsight actively reviews third party patents and is not currently aware of any that our products will infringe.

"Medicsight" ® , "Medicsight Colon Screen" ® , "Medicsight Lung Screen" ® , "Medicsight Colon CAR" ® , "Medicsight Lung CAR" ® , "Medicsight Computer Assisted Reader" ® , "Medicsight See More, Save More" ® and "Lung CAR" ® have been registered as trademarks in the United Kingdom. "Medicsight" ® has also been registered in the United States, the European Union, Australia, China and a number of other countries. "MedicRead" ® has been registered as a trademark in the European Union. These trademarks are important to the corporate identity in connection with Medicsight CAD.

Failure to register appropriate patents, copyrights or trademarks in any jurisdiction may impede our ability to create brand awareness in our products, result in expenses in pursuing our rights with respect to our intellectual property, or result in lost revenues due to intellectual property disputes. Where we may be required to purchase licenses from sellers with prior rights in any country, we cannot assure you that we will be able to do so at a commercially acceptable cost.

Employee Strategy

As of December 31, 2010 the Company and its subsidiaries had 30 employees, all of whom were full-time employees. Our employees are not part of a union.

Financial Information

Note 17 to the Consolidated Financial Statements provides information on the Company's segment reporting.

General

MGT was originally incorporated as a Utah corporation in 1977 and was re-incorporated in Delaware in 2000. At December 31, 2010 the Company's authorized share capital was 75,000,000 shares of common stock, par value of $0.001.

In January 2007 the Company changed its name from Medicsight Inc. to MGT Capital Investments, Inc.

At April 12, 2011, 39,550,590 shares of our common stock had been issued and all were outstanding.

Our principal executive office is located at Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom, telephone 011-44-207-605-1151, facsimile 011-44-207-605-1171.

Our web address is www.mgtci.com. Information on our website is not included as a part of this Annual Report.

Available information

We will provide, upon request and free of charge, paper copies of our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, including any amendments to the foregoing reports, as soon as is reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. These materials along with our Code of Business Conduct and Ethics are also available through our corporate website at www.mgtci.com. A copy of this annual report on Form 10-K is located at the Securities and Exchange Commission's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The public may also download these materials from the Securities and Exchange Commission's website at http://www.sec.gov. Any amendments to, and waivers of, our Code of Business Conduct and Ethics will be posted on our corporate website.

Item 1A Risk Factors

Discussion of our business and operations included in this annual report on Form 10-K should be read together with the risk factors set forth below. They describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties, together with other factors described elsewhere in this report, have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. Each of the risks described below could adversely impact the value of our securities. These statements, like all statements in this report, speak only as of the date of this report (unless another date is indicated), and we undertake no obligation to update or revise the statements in light of future developments.

We cannot assure you that the Company will be successful in commercializing any of the Company's products and, in particular, the Medicsight products or the Medicexchange portal, or if any of the products or the portal are commercialized, that they will prove to be profitable for the Company.

The Company has only had a limited operating history and has just commenced generating revenue from operations upon which an evaluation of its prospects can be made. The Company's prospects must be considered keeping in mind the risks, expenses and difficulties frequently encountered in the establishment of a new business in a constantly changing industry. There can be no assurance that the Company will be able to achieve profitable operations in the foreseeable future if at all.

The Company has identified a number of specific risk areas that may affect the Company's operations and results in the future:

Company specific risks

We may be unable to develop our existing or future technology.

Our Medicsight CAD system may not deliver the levels of accuracy and reliability needed to make it a successful product in the market place. Additionally, the development of such accuracy and reliability may be indefinitely delayed or may never be achieved. Failure to develop this or other technology could have an adverse material effect on the Company's business, financial condition, results of operations and future prospects.

The market for our technology may be slow to develop, if at all.

The market for the Medicsight CAD products may be slower to develop or smaller than estimated or it may be more difficult to build the market than anticipated. The medical community may resist Medicsight CAD products or be slower to accept them than we anticipate. Revenues from Medicsight CAD may be delayed or costs may be higher than anticipated which may result in the Company requiring additional funding. Medicsight's principal route to market is via commercial distribution partners. These arrangements are generally non-exclusive and have no guaranteed sales volumes or commitments. The partners may be slower to sell our products than anticipated. Any financial, operational or regulatory risks that affect our partners could also affect the sales of our products. In the current economic environment, hospitals and clinical purchasing budgets that are reliant on external debt finance may result in purchasing decisions being delayed. If any of these situations were to occur this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

We may be slow to receive required regulatory approvals from respective government regulators, if we receive them at all.

The Medicsight CAD system is subject to regulatory requirements in the USA, Europe, Japan, China and our other targeted markets. Necessary regulatory approvals may not be obtained or may be delayed. We may incur substantial additional cost in obtaining regulatory approvals for our products in our targeted markets. Any delays in obtaining the necessary regulatory approvals increase the risk that our competitors' products are approved before our own. The failure to obtain these approvals on a timely basis and/or the associated costs could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The medical imaging market we operate in is highly competitive.

There are a number of groups and organizations, such as software companies in the medical imaging field, MDCT scanner manufacturers, screening companies and other healthcare providers that may develop a competitive offering to the Medicsight CAD products. In addition, these competitors may have significantly greater resources than MGT. We cannot make any assurance that they will not attempt to develop such offerings, that they will not be successful in developing such offerings or that any offerings they may develop will not have a competitive edge over Medicsight CAD products. With delayed regulatory approvals and/or disputed clinical claims we may not have a commercial or clinical advantage over competitors' products. Should a superior offering come to market, this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

We are a developing company with limited revenues from operations.

We have incurred significant operating losses since inception and have only recently commenced generating revenues from operations. As a result, we have generated negative cash flows from operations and have an accumulated deficit as of December 31, 2010. We are operating in a developing industry based on new technology and our primary source of funds to date has been through the issuance of securities and borrowed funds. There can be no assurance that management's efforts will be successful or that the products we develop and market will be accepted by consumers. If our products are ultimately unsuccessful in the market, this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We face financial risks as we are a developing company

We have incurred significant operating losses since inception and have limited revenue from operations. As a result, we have generated negative cash flows from operations and our cash balances continue to reduce. While we are optimistic and believe appropriate actions are being taken to mitigate this, there can be no assurance that attempts to reduce cash outflows will be successful and this could have a material adverse effect on our business, financial condition, results of operations.

Our current corporate structure may place us in an unfavorable market position vis-à-vis our competitors.

MGT's corporate structure may make it more difficult or costly to take certain actions. We conduct our business through: (a) Medicsight, a UK public company which is 55% owned by the MGT Capital Investments, Inc. and through Medicsight's subsidiaries in the United Kingdom, the USA, Japan and Gibraltar. Although MGT and Medicsight share some directors and management, they are required to comply with corporate governance and rules applicable to public companies in the United Kingdom and the USA. Should MGT propose to take any action, such as a transfer or allocation of assets or liabilities between MGT and its subsidiaries, MGT would have to take into consideration the potentially conflicting interests of MGT's stockholders and the non-controlling stockholders. This may deter MGT from taking such actions that might otherwise be in the best interest of MGT or cause MGT to incur additional costs in taking such actions. The subsidiary companies would not be able to pay dividends or make other distributions of profits or assets to MGT without making pro-rata payments or distributions to the respective non-controlling stockholders. Although neither the subsidiary nor MGT has plans to pay dividends or make distributions to its shareholders, MGT's corporate structure may deter its subsidiary from doing so in the future. If at any point we are ultimately unable to resolve any of these conflicts, this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The protection of our intellectual property may be uncertain, and we may face possible claims of others.

Although we have received patents and have filed patent applications with respect to certain aspects of our technology, we generally do not rely on patent protection with respect to our products and technologies. Instead, we rely primarily on a combination of trade secret and copyright law, employee and third-party non-disclosure agreements and other protective measures to protect intellectual property rights pertaining to our products and technologies. Such measures may not provide meaningful protection of our trade secrets, know-how or other intellectual property in the event of any unauthorized use, misappropriation or disclosure. Others may independently develop similar technologies or duplicate our technologies. In addition, to the extent that we apply for any patents, such applications may not result in issued patents or, if issued, such patents may not be valid or of value. Third parties could, in the future, assert infringement or misappropriation claims against us with respect to our current or future products and technologies, or we may need to assert claims of infringement against third parties. Any infringement or misappropriation claim by us or against us could place significant strain on our financial resources, divert management's attention from our business and harm our reputation. The costs of prosecuting or defending an intellectual property claim could be substantial and could adversely affect our business, even if we are ultimately successful in prosecuting or defending any such claims. If our products or technologies are found to infringe the rights of a third party, we could be required to pay significant damages or license fees or cease production, any of which could have a material adverse effect on our business. If a claim is brought against us, or we ultimately prove unsuccessful on the claims on our merits, this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

We may fail to attract and retain qualified personnel.

We expect to rapidly expand our operations and grow our sales, research and development and administrative operations. This expansion is expected to place a significant strain on our management and will require hiring a significant number of qualified personnel. Accordingly, recruiting and retaining such personnel in the future will be critical to our success. There is intense competition from other companies, research and academic institutions, government entities and other organizations for qualified personnel in the areas of our activities. If we fail to identify, attract, retain and motivate these highly skilled personnel, we may be unable to continue our marketing and development activities, and this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

If we do not effectively manage changes in our business, these changes could place a significant strain on our management and operations.

Our ability to grow successfully requires an effective planning and management process. The expansion and growth of our business could place a significant strain on our management systems, infrastructure and other resources. To manage our growth successfully, we must continue to improve and expand our systems and infrastructure in a timely and efficient manner. Our controls, systems, procedures and resources may not be adequate to support a changing and growing company. If our management fails to respond effectively to changes and growth in our business, including acquisitions, this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

We face risks arising from foreign currency exchange.

As our main operating currency is UK sterling and its financial statements are reported in US dollars, MGT's assets and liabilities and results of operations are affected by movements in the $:£ exchange rate. Should there be large or unexpected fluctuations in the $:£ exchange rate, this could have a material effect on the Company's business, financial condition, results of operations and future prospects. We currently do not engage in hedging activities to minimize the effect of adverse movements in the exchange rate.

We may not be able to quickly realize our investments and receivables at the value at which we have recorded them.

We have a number of investments and receivables held at both at market value and at cost. There is a risk that we may not be able to swiftly realize these investments and receivables at the fair value or cost at which they are recorded in the financial statements. If we are unable to quickly realize these investments and receivables at prices we believe to be fair, this could have a material effect on the Company's business, financial condition, results of operations and future prospects.

General market risks

We may not be able to access credit.

We face the risk that we may not be able to access credit, either from lenders or suppliers, or have facilities reduced or terminated. Failure to access credit from any of these sources could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

Recent global economic trends could adversely affect our business, liquidity and financial results.

Recent global economic conditions, including disruption of financial markets, could adversely affect us, primarily through limiting our access to capital and disrupting our clients' businesses. In addition, continuation or worsening of general market conditions in economies important to our businesses may adversely affect our clients' level of spending and ability to obtain financing, leading to us being unable to generate the levels of sales that we require. Current and continued disruption of financial markets could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

We may not be able to maintain effective internal controls.

If we fail to maintain the adequacy of our internal accounting controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. Failure to achieve and maintain an effective internal control environment could cause us to face regulatory action and also cause investors to lose confidence in our reported financial information, either of which could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

Securities Market Risks

Our stock price and trading volume may be volatile, which could result in losses for our stockholders.

The equity markets may experience periods of volatility, which could result in highly variable and unpredictable pricing of equity securities. The market price of our common stock could change in ways that may or may not be related to our business, our industry or our operating performance and financial condition and could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock. We cannot predict the potential impact of these periods of volatility on the price of our common stock. The Company cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

We may not continue to meet the Listing Standards of the NYSE Amex Market

The staff of NYSE Amex has notified the Company that since the Company's shares have been selling for a substantial period of time at a low price per share, the Company is not in compliance with the NYSE Amex Company Guide's listing standards for continued listing of the Company's common stock on the NYSE Amex. In this regard, the Company shall either effect a reverse split of such shares within a reasonable time after being notified that NYSE deems such action to be appropriate under all the circumstances or take other appropriate action in order to maintain the listing of the Company's common stock on the NYSE Amex. The Company intends to call a stockholder meeting to approve a reverse stock split. There is no assurance that if approved by the Company's stockholders and if effectuated by the Company's board, that such reverse stock split will bring the Company into compliance with the NYSE Amex's listing standards.

If our common stock is delisted from the NYSE Amex Market, the Company would be subject to the risks relating to penny stocks.

If our common stock were to be delisted from trading on the NYSE Amex Market and the trading price of the common stock were below $5.00 per share on the date the common stock were delisted, trading in our common stock would also be subject to the requirements of certain rules promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These rules require additional disclosure by broker-dealers in connection with any trades involving a stock defined as a "penny stock" and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors, generally institutions. These additional requirements may discourage broker-dealers from effecting transactions in securities that are classified as penny stocks, which could severely limit the market price and liquidity of such securities and the ability of purchasers to sell such securities in the secondary market. A penny stock is defined generally as any non-exchange listed equity security that has a market price of less than $5.00 per share, subject to certain exceptions.

Natural disasters

Impact of Earthquake and Tsunami in Japan

We do not believe that the recent earthquake and tsunami in Japan has had an impact on employees, intellectual property or clinical data; however, the Company is unable to assess the impact to its MHLW review process at this time.

Item 1B Unresolved Staff Comments

Not applicable.

Item 2 Properties

Our principal executive office is located at Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom where we occupy 8,787 square feet under a lease that expires on August 25, 2016. The Company has exercised its right to terminate, without penalty, the lease upon completion of the fifth year (August 24, 2011) and is currently reviewing alternative properties. We also have an additional satellite office in Japan (occupied by Medicsight) which we do not believe has been impacted by the recent events in Japan.

Our offices are in good condition and are sufficient to conduct our operations.

We do not intend to renovate, improve or develop any properties; however, from time to time we improve leased office space in order to comply with local legislation and to provide an office environment necessary to conduct business in the markets in which we operate. We have no policy with respect to investments in real estate or interests in real estate and no policy with respect to investments in real estate mortgages. We have no policy with respect to investments in securities of or interests in persons primarily engaged in real estate activities.

Item 3 Legal Proceedings

The Company is not engaged in any material legal proceedings at this time nor are we aware of any pending legal proceedings.

Item 4 (Removed and reserved)

PART II

Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer's Purchases of Equity Securities.

Market information

The Company's common stock is traded on the NYSE AMEX stock exchange (www.nyse.com) under the symbol "MGT". The following table sets forth the range of high and low sales prices per share of our common stock for each quarterly period during 2010 and 2009.

	High	Low
2010		
Fourth Quarter	$ 0.29	$ 0.20
Third Quarter	0.33	0.15
Second Quarter	0.44	0.21
First Quarter	0.37	0.23
2009		
Fourth Quarter	0.54	0.30
Third Quarter	0.76	0.27
Second Quarter	0.52	0.28
First Quarter	1.11	0.20

On April 12, 2011 the Company's common stock closed on the NYSE AMEX US stock exchange at $0.26 per share.

As of April 12, 2011 there were 705 holders of record of the Company's common stock.

Dividends

The Company has never declared or paid cash dividends on its common stock. The Company currently intends to retain earnings, if any, to support its growth strategy and does not anticipate paying cash dividends in the foreseeable future. Payment of future dividends, if any, will be at the discretion of the Company's Board of Directors after taking into account various factors, including the Company's financial condition, operating results, current and anticipated cash needs and plans for expansion.

Recent sales of unregistered securities

Not applicable.

Item 6 Selected Financial Data.

Not applicable.

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive summary

On March 31, 2010, following a detailed strategic review we reduced our on-going operating cost base and disposed of our investments in Medicexchange, XShares, HipCricket and Eurindia. Accordingly, Medicexchange's results have been classified as discontinued operations.

In Fiscal 2009 we purchased 49% of the share capital of Moneygate Group Limited ("Moneygate"), a UK based firm of Independent Financial Advisors. On acquisition we provided loan facilities of £250 ($398) for working capital and £2,000 ($3,186) for acquisitions. In the year ended December 31, 2009, the Company advanced a £250 ($398) working capital facility and £100 ($159) as part of a £2,000 ($3,186) acquisition facility to Moneygate, which was all outstanding at the year end. In the year ended December 31, 2010 we allowed a portion of the acquisition facility to be used for working capital as acquisitions had been delayed and Moneygate still required cash to fund its operations.

On August 3, 2010, Moneygate agreed to convert all monies advanced to July 31, 2010 £1,247 ($1,929), and future monies up to £2,000 ($3,094) in total in to convertible loan notes. At this time, it was agreed that no further interest would be charged on the loan for acquisitions.

Also on August 3, 2010 MGT Capital Investments Limited ("MGT Ltd"), a company incorporated in England and Wales, and a wholly owned subsidiary of MGT Capital Investments, Inc., entered into an agreement with an unrelated third party for the sale of its Moneygate convertible loan note of £2,000 ($3,094). Under the terms of the above agreement MGT Ltd further advanced working capital funding. At November 18, 2010, MGT had advanced £1,025 ($1,586) for working capital and £460 ($712) for acquisitions. The additional funds were to be offset against the staged payments of the £2,000 ($3,094) loan note sale.

On November 18, 2010 the previously executed agreement to sell the Moneygate convertible loan notes of up to £2,000 ($3,094) to a third party was terminated. Following deeds of release between MGT Ltd and Moneygate; and MGT Ltd and the third party; MGT Ltd extended a loan agreement to Moneygate to fix its amount repayable at £1,485 ($2,298). This loan agreement was repayable on or before 2 years after the effective date. The loan accrued 5% interest per annum was secured by a debenture over the assets of Moneygate. No further monies were advanced to Moneygate.

Prior to commencing negotiations with Committed Capital Nominees Limited ("Committed") the Company engaged an outside valuation firm to perform a valuation on the Company's investment and loan note receivable from Moneygate. This report concluded that on the scenario of Moneygate being unsuccessful in raising adequate finance then the value of the Company's loan note receivable from Moneygate was £199 ($308). In the third quarter we impaired the carrying value of the loan notes receivable to the amount of the valuation and recorded a related impairment charge of £1,286 ($1,985).

On January 31, 2011, we entered into a Sale and Purchase Agreement with Committed. Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) 9,607,843(representing all shares held by the company) shares of Moneygate Group Limited ("Moneygate") for total consideration of £0.096 ($0.154); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387). The Purchase Agreement is conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011.

At December 31, 2010, Moneygate is a related party. It was considered that the Company had significant influence over its operations and had representation on the board of directors. Due to this significant influence, we account for it under the equity method. Since the investment was acquired at a nominal value, also its fair value, and has incurred losses since we made our investment, it is recorded in the consolidated financial statements at a value of $nil.

At December 31, 2010 Medicsight's cash and cash equivalents were $8,256. The Company is hopeful of an FDA approval being granted following review of its recently filed response to the FDA's informal questions. Post FDA approval the Company expects sales to increase and may seek additional funding.

At December 31, 2010 MGT's Company only cash and cash equivalents were $178. Subsequent to the year ended December 31, 2010, MGT received the outstanding funds owed from the sale of investments to Rivera, $370 (£224), and Committed, $387 (£250). On April 12, 2011 the Company entered into a Revolving Line of Credit and Security Agreement with Laddcap Value Partners, LP ("Laddcap") for up to $500 for a fifteen month term. The Agreement encompasses a standby commitment fee of two (2%) percent of the maximum loan amount along with an eight (8%) percent interest charge on any funds drawn. Laddcap is a related party as the Managing Partner and beneficial owner of LaddCap is a shareholder and interim CEO of MGT.

Management believes that the current level of working capital, receipts from the sale of investments, together with the Revolving Line of Credit and Security Agreement ("Agreement") with Laddcap Value Partners, LP will be sufficient to allow the Company to maintain its operations into 2012.

On November 19, 2010 the Company announced that its Board of Directors has authorized the distribution by way of dividend of the shares of Medicsight plc that the Company currently owns. The Medicsight plc shares held by MGT currently constitute approximately 55% of the issued and outstanding shares of Medicsight plc. The distribution of the shares will be subject to the effectiveness of a registration statement to be filed with the SEC as soon as practicable after the closing of the Laddcap purchase (see below). Subsequent to this announcement, the Board of Directors decided not to make this distribution and to reconsider this investment in connection and evaluation of its strategic options.

On December 9, 2010 the Company entered into an Amended and Restated Securities Purchase Agreement with Laddcap Value Partners, LP ("Laddcap" or "Purchaser"). Pursuant to the terms of the Purchase Agreement, Laddcap agreed to purchase 6,500,000 shares of Common Stock of the Company for $1,000 (approximately $0.15 per share). The Common Stock to be purchased by Purchaser, upon issuance, constituted approximately 16.7% of the Company's issued and outstanding Common Stock (after giving effect to such issuance). The Purchase Agreement also provided that Tim Paterson-Brown would resign as a director of the Company; Robert Ladd would be appointed to the board to fill the seat created by Mr. Paterson-Brown's resignation; and Peter Venton, currently a director, would be appointed Chairman of the board. The closing of the Purchase Agreement and the issuance of the Common Stock were subject to regulatory approval from NYSE AMEX, which was obtained on December 10, 2010. The closing took place on December 13, 2010.

On December 14, 2010 the Company received $1,000 from Laddcap. A sum of 6,349,793 treasury shares and 150,207 newly issued shares were used to account for the sale.

The Company achieved the following results in the twelve months ended December 31, 2010:

- Revenue from license and other sales was $540 compared to $180 in 2009. Gross profit on revenues was $424 compared with $180 in 2009.
- Other operating expenses, excluding the 2009 impairment of goodwill, decreased 26% to $11,757 compared to $15,897 in 2009.
- Net loss attributable to MGT Capital Investments, Inc. decreased 63% to $9,651 and resulted in a loss per share of $0.29 compared to a net loss of $26,377 and net loss per share of $0.78 in 2009.

Revenue remains limited as we await regulatory approvals in what we consider to be our key markets of the USA and Japan. With regards to regulatory approvals for ColonCAD, we received a second request for Additional Information (AI) from the FDA in January 2010. After working closely with the clinical, statistical and legal advisors, the Company sent a comprehensive response to the FDA on June 2, 2010. Following this response the FDA asked a series of informal questions including a request for additional statistical analysis on the submission data. The Company completed the analysis and responded to the FDA on March 7, 2011. We are currently awaiting feedback from the FDA on the status of the application. In Japan the Ministry of Health, Labour and Welfare (MHLW) regulatory authorities are performing the reliability audit phase of their review and have requested some additional data from the Company in order to complete. The Company is in the process of responding to this request.

Operating costs, excluding the goodwill impairment that impacted the consolidated statement of operations in the first quarter of Fiscal 2009, have decreased by 26%. This was predominantly due to headcount reductions that Medicsight took in Fiscal 2009, the impact of which is being fully felt in the first half of Fiscal 2010. Due to a change in senior management in the fourth quarter of 2010, a severance accrual has been made for $281. Together with reduced staff costs, a focus on reducing other expenses has reduced our discretionary spending.

Our investment in Moneygate is accounted for by the equity method, and is currently generating net losses. The investment has been reduced to $nil.

Net loss from Medicexchange from January 1, 2010, until disposal at March 31, 2010, amounted to $234, which is accounted for in discontinued operations together with a gain on sale of $149, and will not occur in the future.

The significant reduction in net loss was due to the impairment of $12,157 of goodwill relating to Medicsight in the first quarter of Fiscal 2009.

We have cash and cash equivalents of $8,434 compared to $22,165 as of December 31, 2009. The decrease is mainly attributable to cash used in operating activities ($10,481).

On September 6, 2010 Medicsight made a short-term loan of $1,100 (£711) to Dunamis Capital DIFC ("Dunamis"), a related party, repayable by December 31, 2010, along with $36 (£23) of interest. Dunamis paid back the principal of $1,100 (£711) and interest of $48 (£31) on February 6, 2011 and February 10, 2011 respectively. The funds were lent to Dunamis in order to achieve a higher rate of interest than we would have on deposit with a financial institution and also to demonstrate Medicsight's financial ability to co-invest with a joint venture in the region using one of its UAE subsidiaries. Dunamis had provided the assets of the business as collateral against the loan made by Medicsight.

In February 2011 the Company, following consultation with its nominated advisor noted that as a result of Mr Sumner's relationships (Director of Dunamis and Chairman of Medicsight), the Loan constituted a related party transaction under Rule 13 of the London Stock Exchange AIM Market ("AIM") Rules for Companies. Rule 13 requires that an AIM company must issue notification without delay as soon as the terms of a transaction with a related party are agreed. The independent directors, having consulted with the Company's nominated adviser, consider that the terms of the transaction were fair and reasonable insofar as shareholders were concerned. The Board is currently undertaking a full review of the Company's internal procedures in consultation with the Company's nominated adviser. The Company is also considering setting up an AIM compliance committee to ensure that the Company is acting in accordance with AIM Rules.

Critical accounting policies and estimates

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The notes to the consolidated financial statements contained in this Annual Report describe our significant accounting policies used in the preparation of the consolidated financial statements. The preparation of these financial statements requires us 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 periods. Actual results could differ from those estimates. We continually evaluate our critical accounting policies and estimates.

We believe the critical accounting policies listed below reflect significant judgments, estimates and assumptions used in the preparation of our consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of our Company plus wholly owned subsidiaries and our majority owned subsidiary Medicsight. The functional currency of our subsidiary is their local currency, UK sterling (£). All intercompany transactions and balances have been eliminated. All foreign currency translation gains and losses arising on consolidation were recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). Non-controlling interest represents the minority equity investment in any of the MGT Capital Investments, Inc. group of companies, plus the minorities' share of the net operating result and other components of equity relating to the non-controlling interest.

Use of estimates

The preparation of consolidated 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 amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers investments with original maturities of three months or less to be cash equivalents.

Revenue Recognition

Medicsight

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when have persuasive evidence of an arrangement, the product has been shipped or the services have been provided to the customer, the sales price is fixed or determinable and collectability is probable.

Software — License fee revenue is derived from the licensing of computer software. Maintenance revenue is derived from software maintenance. Our software licenses are generally sold as part of an arrangement that includes maintenance and support.

The Company licenses software and sell maintenance through visualization solution partners and original equipment manufacturers. The Company receives regular sales reporting detailing the number of licenses sold by original equipment manufacturers, value-added resellers and independent distributors (collectively, "Resellers") to end users. The Company generally offers terms that require payment 30-45 days from invoicing.

Provided the Reseller i) assumes all risk of the purchase, ii) has the ability and obligation to pay regardless of receiving payment from the end user, and all other revenue recognition criteria are met, license revenue from Resellers is recognized upon shipment of its product to vendors ("sell-in basis").

Revenue from license fees is recognized when notification of shipment to the end user has occurred, there are no significant Company obligations with regard to implementation and the Company's services are not considered essential to the functionality of other elements of the arrangement.

Services — Revenue from maintenance and support arrangements is deferred and recognized ratably over the term of the maintenance and support arrangements.

Multiple-element arrangements — the Company enters into arrangements with resellers that include a combination of software products, maintenance and support. For such arrangements, the Company recognizes revenue using the residual method. The Company allocates the total arrangement fee among the various elements of the arrangement based on the fair value of each of the undelivered elements determined by vendor-specific objective evidence of fair value. The fair value of maintenance and support services is established based on renewal rates. In software arrangements for which the Company does not have vendor-specific objective evidence of fair value for all elements, revenue is deferred until the earlier of when vendor-specific objective evidence of fair value is determined for the undelivered elements (residual method) or when all elements for which the Company does not have vendor-specific objective evidence of fair value have been delivered.

Hardware — Revenue is derived from the sale of our MedicCO_2LON product. This product is an automated CO_2 insufflation device, and is generally sold as part of an arrangement that includes a one year warranty. The risk of incurring warranty related expense is mitigated by the warranty contractually agreed with the supplier. The Company reviews the risk of warranty liabilities on a regular basis, and makes any and all appropriate provisions accordingly. At the present time, the Company feels that the warranty liability is insignificant and has therefore not made any provision.

MedicCO_2LON is sold exclusively through our distribution partner MEDRAD Inc. Revenue is recognized as goods and orders are satisfied and goods are delivered to our distribution partner. The Company generally offers terms which require payments with 30-45 days from invoicing.

Equity-based compensation

The Company recognizes compensation expense for all equity-based payments. Under fair value recognition provisions, the Company recognizes equity-based compensation net of an estimated forfeiture rate and recognizes compensation cost only for those shares expected to vest over the requisite service period of the award.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the development of assumptions that are input into the model. These assumptions are the expected stock volatility, the risk-free interest rate, the option's expected life and the dividend yield on the underlying stock. Expected volatility is calculated based on the historical volatility of our common stock over the expected option life and other appropriate factors. Risk-free interest rates are calculated based on continuously compounded risk-free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on our common stock and do not intend to pay dividends on our common stock in the foreseeable future. The expected forfeiture rate is estimated based on historical experience.

Determining the appropriate fair value model and calculating the fair value of equity-based payment awards require the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity-based payment awards represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, our equity-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, the equity-based compensation expense could be significantly different from what the Company has recorded in the current period.

Research and development

The Company incurs costs in connection with the development of software products that are intended for sale. Costs incurred prior to technological feasibility being established for the product are expensed as incurred. Technological feasibility is established upon completion of a detail program design or, in its absence, completion of a working model. Thereafter, all software production costs are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized based on current and future revenue for each product with an annual minimum equal to the straight-line amortization over the remaining estimated economic life of the product. Amortization commences when the product is available for general release to customers.

The Company concludes that capitalizing such expenditures on completion of a working model was inappropriate because The Company did not incur any material software production costs and therefore have decided to expense all research and development costs. Our research and development costs are comprised of staff, consultancy and other costs expensed on the Medicsight products.

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, account receivable, accounts payable, and accrued expenses, which are short term in nature. The Company believes the carrying value of these financial instruments reasonably approximates their fair value. The Company also has receivables due from Dunamis (see note 19) that represent a concentration of credit risk.

Investments

Investments in various corporations where our investment is less than 20% of issued share capital are accounted for under the cost method. Investments where the Company holds between 20% and 50% of issued share capital and the Company has significant influence over the investee are accounted for under the equity method. Moneygate is accounted for under the equity method.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. We compare the book value to the market value (market capitalization plus a control premium) for the reporting unit. If the market value exceeds the book value, goodwill is considered not impaired, and thus the second step of the impairment test is not necessary. If the book value exceeds the market value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of the goodwill with the book value of the goodwill. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, an impairment loss would be recognized in an amount equal to the excess. Any loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill is its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

As of March 31, 2009 Medicsight's share price had fallen to a level at which book value exceeded market value. As a consequence, we carried out an impairment review at the end of the first quarter of 2009 and concluded that the goodwill was fully impaired.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method on the various asset classes over their estimated useful lives, which range from two to five years. Leasehold improvements are depreciated over the term of the lease.

Foreign currency translation

The accounts of the Company's foreign subsidiaries are maintained using the local currency as the functional currency. For these subsidiaries, assets and liabilities are translated into US dollars at period-end exchange rates, and income and expense accounts are translated at average monthly exchange rates. Net gains and losses from foreign currency translation are excluded from operating results and are accumulated as a separate component of stockholders' equity.

Gains and losses on foreign currency transactions are reflected in selling, general and administrative expenses in the income statement.

Impairment of long-lived assets and long-lived assets to be disposed of

The Company evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Our assessment for impairment of an asset involves estimating the undiscounted cash flows expected to result from use of the asset and its eventual disposition. An impairment loss recognized is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Calculating the estimated fair value of an asset involves significant judgments and a variety of assumptions. Judgments that the Company makes concerning the value of intangible assets include assessing time and cost involved for development, time to market, and risks of regulatory failure or obsolescence (due to market, environmental or technological advances for example). For calculating fair value based on discounted cash flows, the Company forecasts future operating results and future cash flows, which include long-term forecasts of revenue growth, gross profits and capital expenditures.

Income taxes

The Company applies the elements of FASB ASC 740-10 "*Income Taxes — Overall*" regarding accounting for uncertainty in income taxes. This clarifies the accounting for uncertainty in income taxes recognized in financial statements and requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained by the taxing authority. As of December 31, 2010, the Company did not have any unrecognized tax benefits. The Company does not expect that the amount of unrecognized tax benefits will significantly increase or decrease within the next twelve months. The Company's policy is to recognize interest and penalties related to tax matters in the income tax provision in the Consolidated Statements of Operations. There was no interest and penalties for the year ended December 31, 2010 and 2009. Tax years beginning in 2004 are generally subject to examination by taxing authorities, although net operating losses from all years are subject to examinations and adjustments for at least three years following the year in which the attributes are used.

Deferred taxes are computed based on the tax liability or benefit in future years of the reversal of temporary differences in the recognition of income or deduction of expenses between financial and tax reporting purposes. The net difference, if any, between the provision for taxes and taxes currently payable is reflected in the balance sheet as deferred taxes. Deferred tax assets and/or liabilities, if any, are classified as current and non-current based on the classification of the related asset or liability for financial reporting purposes, or based on the expected reversal date for deferred taxes that are not related to an asset or liability. Valuation allowances are recorded to reduce deferred tax assets to that amount which is more likely than not to be realized.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to the ordinary shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by dividing the net loss attributable to the ordinary shareholders by the sum of the weighted average number of common shares outstanding and the diluted potential ordinary shares.

The computation of diluted loss per share for 2010 and 2009 excludes all options because they are anti-dilutive. For the year ended December 31, 2010 there were 13,703,334 options excluded with a weighted average exercise price of $0.20 per share. For the year ended December 31, 2009 there were 11,503,359 options excluded with a weighted average exercise price of $0.94 per share.

Comprehensive income/(loss)

Comprehensive income/(loss) includes net income/(loss) and items defined as other comprehensive income/(loss). Items defined as other comprehensive income/(loss), such as foreign currency translation adjustments and unrealized gains and losses on certain marketable securities, are separately classified in the consolidated financial statements. Such items are reported in the consolidated statements of stockholders' equity as accumulated comprehensive/(loss).

Segment reporting

The Company reports the results of its operating segments. The Company designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. The Company also discloses information about products and services, geographic areas and major customers. The Company operates in one main operational segment, Medicsight, a medical imaging and device hardware company, with MGT Capital Investments Inc. providing corporate management services.

Results of Operations

Fiscal Year Ended December 31, 2010 vs. Fiscal Year Ended December 31, 2009

Revenue and margin

The Company has generated revenues of $540 and gross margin of $424 for Fiscal 2010 compared to $180 and $180 for Fiscal 2009.

Medicsight has sold CAD licenses primarily in Europe where it has regulatory approvals. In the year ended December 31, 2010 sales of our CAD products have increased by 79% to $323 compared to $180 for Fiscal 2009.

In the twelve months ended December 31, 2010 Medicsight launched MedicCO_2LON, its insufflator product. It also signed an agreement with a global medical devices company to distribute MedicCO_2LON. In the year ended December 31, 2010, revenue of $217 had been recognized through MedicCO_2LON sales. Cost of revenue for the period was $116.

Operating expenses excluding goodwill impairment

Our operating expenses, excluding the impairment of goodwill, have reduced from $15,897 in 2009 to $11,757 in 2010, a reduction of 26%. Included in the $11,757 are accrued severance, redundancy and related costs of $281 for Tim Paterson-Brown and Allan Rowley.

Due to the delays in receiving regulatory approvals in Japan and the USA Medicsight management made the decision in Fiscal 2009 to reduce headcount and streamline operations, but without jeopardizing longer term research, product development or clinical activities. The effects of these decisions are now being reflected in the statement of operations with a significantly lower cost base. The strength of the dollar compared to sterling has also increased operating expenses in dollar terms by $168 (1%).

The Company's research and development expenses for Fiscal 2010 were $1,576 compared to $1,998 in Fiscal 2009. This is made up of staff, staff related consultancy, stock options and product development software costs expensed on the research and development of Medicsight's products. This has decreased compared to the comparative periods in 2009 due to the reduction in headcount.

The Company's selling, general and administrative expenses for Fiscal 2010 were $10,181 compared to $13,899 for Fiscal 2009. Some significant items follow:

Included in the people and people related costs is $281 relating to severance and redundancy pay for Tim Paterson-Brown and Allan Rowley. The underlying cost reduced by 39% to $5,758 compared to $9,416 in Fiscal 2009.

Staff who have left the group have forfeited their stock options, reducing the related charge to $784 in Fiscal 2010 compared to $1,950 in Fiscal 2009.

Our travel and entertainment expense has reduced by $255 (26%) as we continued to reduce discretionary budgets in the year 2010. The reduction is also due to foreign exchange movements as the dollar strengthened further against sterling in the Fiscal 2010. Similarly, marketing, conferences and public relations reduced by $349 (57%) as part of the same focus on cost reduction.

Other income (expense)

Other income moved from an expense in Fiscal 2009 to an income in Fiscal 2010, due to significant impairments made in the prior year offsetting the interest income. Interest income was lower than in Fiscal 2009, due to lower cash balances available to generate interest. The impairment of the Moneygate loan is shown as a separate line item.

Income Tax

Our effective tax rate for fiscal year 2010 was (3)%. The difference in the Company's effective tax rate from the Federal statutory rate is primarily due to a 100% valuation allowance provided for all deferred tax assets.

Net loss and net loss per share

Net loss was $9,651 for Fiscal 2010 compared to a net loss of $26,377 for Fiscal 2009. Net loss per share for Fiscal 2010 was $0.29 (based on weighted average shares outstanding of 32,960,179), compared to $0.81 for Fiscal 2009 (based on weighted average shares outstanding of 32,550,590).

Operational currency

The Company's main operating currency is UK sterling (£). Medicsight's results of operations are affected by changes in the $: £ rates used to translate the operational result. For Fiscal 2010 the average rate was $1.5430: £1.00 and for Fiscal 2009 the rate was $1.5651, an increase of 1% in the value of the dollar against sterling.

Operating results by business segment

Parent Holding Company operating results

Operating losses in the parent holding company for the year ended December 31, 2010, are $3,472 (2009: $15,462). The largest items of operating expense are legal and professional fees, $1,700 (2009: $1,667), travel costs, $162 (2009: $222), and redundancy costs, $281 (2009: $3). In the year ended December 31, 2010, a $1,985 (2009: $Nil) impairment charge of the Moneygate loan was recorded after operating loss in the consolidated statement of operations. In the year ended December 31, 2009, a $12,157 (2010: $Nil) impairment charge of goodwill was recorded within operating loss in the consolidated statement of operations.

Medicsight operating results

	2010	2009
Revenue	$ 540	$ 180
Cost of revenue	(116)	—
Gross margin	424	180
Operating expenses	8,285	12,592
Research and development (included in operating expenses)	1,576	1,998
Operating loss	(7,861)	(12,412)
Interest and other income	62	721
Depreciation	71	206
Stock based compensation	784	1,082
Cash	8,256	17,058
Net assets	9,478	16,608

In the year ended December 31, 2010 Medicsight has sold CAD licenses primarily in Europe where it has regulatory approvals. Sales of our CAD products have increased by 79% to $323 compared to $180 for Fiscal 2009.

In the year ended December 31, 2010 Medicsight launched MedicCO_2LON, its insufflator product. It also signed an agreement with a global medical devices company to distribute MedicCO_2LON. In the year ended December 31, 2010, revenue of $217 had been recognized through MedicCO_2LON sales. Cost of revenue for the period was $116.

With regards to regulatory approvals for ColonCAD, we received a second request for Additional Information (AI) from the FDA in January 2010. After working closely with the clinical, statistical and legal advisors, the Company sent a comprehensive response to the FDA on June 2, 2010. Following this response the FDA asked a series of informal questions including a request for additional statistical analysis on the submission data. The Company completed the analysis and responded to the FDA on March 7, 2011. We are currently awaiting feedback from the FDA on the status of the application. In Japan the Ministry of Health, Labour and Welfare (MHLW) regulatory authorities are performing the reliability audit phase of their review and have requested some additional data from the Company in order to complete. The Company is in the process of responding to this request.

Our operating expenses have reduced from $12,592 in 2009 to $8,285 in 2010. Due to the delays in receiving regulatory approvals in Japan and the USA Medicsight management made the decision in Fiscal 2009 to reduce headcount and streamline operations, but without jeopardizing longer term research, product development or clinical activities. The effects of these decisions are now being reflected in the statement of operations with a significantly lower cost base.

Research and development is made up of staff, staff related consultancy, stock options and product development software costs expensed on the research and development of Medicsight's products. This has decreased compared to the comparative periods in 2009 due to the reduction in headcount.

In the year ended December 31, 2010 stock option accounting charges fell as Medicsight employed fewer people than in the same period in the prior year.

Interest and other income reduced as Medicsight's cash balances were lower than in 2009 due to cash spent in operations.

The following table shows some of Medicsight's larger expense categories in operating costs.

	2010	2009
Salaries and related costs	$ 4,088	$ 5,560
Commercial and marketing	274	617
Travel and accommodation	568	771
Professional fees	779	760

Salaries have reduced between 2010 and 2009, due to significant reduction in staff numbers and a drop in the sterling value during the year. No bonuses were paid in Fiscal 2010.

Commercial and marketing costs were sharply reduced as we incurred lower costs at trade shows and conferences, in line with our reduced spending. Similarly, travel and accommodation costs have reduced as fewer members of staff have travelled to conferences as part of our emphasis on reducing costs.

Professional fees have increased due to higher professional and legal costs this year.

Cash and net assets were lower at December 31, 2010 compared to December 31, 2009 predominantly because of cash used in Medicsight's operations.

Other investments

Moneygate

In Fiscal 2009 we purchased 49% of the share capital of Moneygate Group Limited ("Moneygate"), a UK based firm of Independent Financial Advisors. On acquisition we provided loan facilities of £250 ($398) for working capital and £2,000 ($3,186) for acquisitions. In the year ended December 31, 2009, the Company advanced a £250 ($398) working capital facility and £100 ($159) as part of a £2,000 ($3,186) acquisition facility to Moneygate, which was all outstanding at the year end. In the year ended December 31, 2010 we allowed a portion of the acquisition facility to be used for working capital as acquisitions had been delayed and Moneygate still required cash to fund its operations.

On August 3, 2010, Moneygate agreed to convert all monies advanced to July 31, 2010 £1,247 ($1,929), and future monies up to £2,000 ($3,094) in total in to convertible loan notes. At this time, it was agreed that no further interest would be charged on the loan for acquisitions.

Also on August 3, 2010 MGT Capital Investments Limited ("MGT Ltd"), a company incorporated in England and Wales, and a wholly owned subsidiary of MGT Capital Investments, Inc., entered into an agreement with an unrelated third party for the sale of its Moneygate convertible loan note of £2,000 ($3,094). Under the terms of the above agreement MGT Ltd further advanced working capital funding. At November 18, 2010, MGT had advanced £1,025 ($1,586) for working capital and £460 ($712) for acquisitions. The additional funds were to be offset against the staged payments of the £2,000 ($3,094) loan note sale.

On November 18, 2010 the previously executed agreement to sell the Moneygate convertible loan notes of up to £2,000 ($3,094) to a third party was terminated. Following deeds of release between MGT Ltd and Moneygate; and MGT Ltd and the third party; MGT Ltd extended a loan agreement to Moneygate to fix its amount repayable at £1,485 ($2,298). This loan agreement was repayable on or before 2 years after the effective date. The loan accrued 5% interest per annum was secured by a debenture over the assets of Moneygate. No further monies were advanced to Moneygate.

Prior to commencing negotiations with Committed Capital Nominees Limited ("Committed") the Company engaged an outside valuation firm to perform a valuation on the Company's investment and loan note receivable from Moneygate. This report concluded that on the scenario of Moneygate being unsuccessful in raising adequate finance then the value of the Company's loan note receivable from Moneygate was £199 ($308). In the third quarter we impaired the carrying value of the loan notes receivable to the amount of the valuation and recorded a related impairment charge of £1,286 ($1,985).

On January 31, 2011, we entered into a Sale and Purchase Agreement with Committed. Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) 9,607,843(representing all shares held by the company) shares of Moneygate Group Limited ("Moneygate") for total consideration of £0.096 ($0.154); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387). The Purchase Agreement is conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011.

At December 31, 2010, Moneygate is a related party. It was considered that the Company had significant influence over its operations and had representation on the board of directors. Due to this significant influence, we account for it under the equity method as it is not considered a variable interest entity . Since the investment was acquired at a nominal value, also its fair value, and has incurred losses since we made our investment, it is recorded in the consolidated financial statements at a value of $nil.

Eurindia Limited

In 2000 MGT invested in Eurindia Limited ("Eurindia"), a UK company that invested in IT start-up companies. MGT had a 6% holding in Eurindia and accounted for this investment on a cost basis. As of December 31, 2009 this investment had been fully impaired. On March 31, 2010 we disposed of all of our holding in Eurindia for $1.

XShares Group

In 2007 and 2008 we invested $3,000 in Series C preferred shares of XShares Group, Inc. ("XShares"), an investment advisor that creates, issues and supports exchange traded funds with a particular healthcare specialty. In the year ended December 31, 2009 the Company invested $2,000 in XShares convertible notes with a principal of $2,100. As of December 31, 2009 the equity investment and the convertible notes had been fully impaired. On March 31, 2010 we disposed of all of our equity holdings in XShares for $1 and the convertible notes for $1 resulting in a total gain on sale of $2.

HipCricket Inc.

In Fiscal 2007 we invested $2,000 in HipCricket Inc., a company engaged in mobile marketing. In the year ended December 31, 2009 HipCricket Inc. was delisted from the AIM Market and we accounted for it as an investment held at cost. As of December 31, 2009 the investment was held at a book value of $224. On March 31, 2010 we disposed of all of our holding in HipCricket for $205.

Liquidity and Capital Resources

Working Capital information

	2010	2009
Working capital summary		
Cash, cash equivalents and marketable securities	$ 8,434	22,165
Current assets	10,730	23,385
Current liabilities	(1,550)	(2,244)
Working capital surplus	$ 9,180	21,141

	2010	2009
Cash flow summary		
Cash (used for) provided by		
Operating activities	$ (10,481)	(14,151)
Investing activities	(3,287)	(1,648)
Financing activities	1,000	—
Discontinued operations	(226)	280
Effects of exchange rates on cash and cash equivalents	(737)	(610)
Net decrease in cash and cash equivalents	$ (13,731)	(16,129)

At December 31, 2010 Medicsight's cash and cash equivalents were $8,256. The Company is hopeful of an FDA approval being granted following review of its recently filed response to the FDA's informal questions. Post FDA approval the Company expects sales to increase and may seek additional funding.

At December 31, 2010 MGT's cash and cash equivalents were $178. Subsequent to the year ended December 31, 2010, MGT received the outstanding funds owed from the sale of investments to Rivera, $370 (£224), and Committed, $387 (£250). On April 12, 2011 the Company entered into a Revolving Line of Credit and Security Agreement with Laddcap Value Partners, LP ("Laddcap") for up to $500 for a fifteen month term. The Agreement encompasses a standby commitment fee of two (2%) percent of the maximum loan amount along with an eight (8%) percent interest charge on any funds drawn. Laddcap is a related party as the Managing Partner and beneficial owner of LaddCap is a shareholder and interim CEO of MGT.

Management believes that the current level of working capital, receipts from the sale of investments, together with the Revolving Line of Credit and Security Agreement ("Agreement") with Laddcap Value Partners, LP will be sufficient to allow the Company to maintain its operations into 2012.

Our cash and cash equivalents have decreased during 2010 predominantly because of the $10,481 used in operating activities. Our net cash used in operating activities differs from net loss predominantly because of various non-cash adjustments such as stock-based compensation and movements in working capital.

Included in investing activities is a further $1,756 (2009: $578) advanced to Moneygate from MGT Capital Investments, Inc. during 2010.

Also included in investing activities is a short term loan made to Dunamis Capital ("Dunamis") by Medicsight of $1,100 (£711) which was due to be repaid by December 31, 2010, along with $36 (£23) interest. Dunamis paid back the principal of $1,100 (£711) and interest of $48 (£31) on February 6, 2011 and February 10, 2011 respectively. The funds were lent to Dunamis in order to achieve a higher rate of interest than we would have on deposit with a financial institution and also to demonstrate Medicsight's financial ability to co-invest with a joint venture in the region using one of its United Arab Emirate (UAE) subsidiaries. Dunamis is a related party as Allan Rowley, former Chief Executive Officer and former Chief Financial Officer of MGT Capital Investments, Inc. and current Chief Executive Officer of Medicsight, along with David Sumner, former Chairman of Medicsight, are both directors of Dunamis Capital.

Medicexchange was sold during the year ended December 31, 2010 and $1,101 of cash was disposed of as part of this transaction, also included within investing activities. For consideration of this sale along with other assets sold at the same time MGT was due to receive £750 ($1,136). This consideration is deferred and will be paid in installments through March 2011. In August 30, 2010, at the request of the third party, and in discussion and negotiation with management, it was agreed that the remaining installments would be modified. In accordance with this, as of December 31, 2010 £506 ($766) had been received. The revised agreement now states that the final installment of £244 ($370) was due on February 28, 2011. The final payment was made on March 25, 2011.

Following a Stock Purchase Agreement between MGT Capital Investments, Inc. and Laddcap Value Partners LP, we received $1,000 for the sale of 6,500,000 shares in the Company.

Our ratio of current assets to current liabilities remains strong at 6.7. This is a result of the $8,434 of cash held in the Company.

Investment in Medicsight

MGT Capital Investments, Inc.'s consolidated financial statements include the results and financial condition of its subsidiary, Medicsight. MGT Capital Investments, Inc.'s holding in Medicsight is 86,000,000 shares out of Medicsight's issued share capital of 155,524,904 shares. As of December 31, 2010 Medicsight's share price closed at £0.04 ($0.07), valuing the holding at £3,724 ($5,761).

As of April 12, 2011 Medicsight's share price was £0.04 ($0.06) valuing the Company's investment at £3,440 ($5,592), using a $:£ exchange rate of 1.6257. As part of the settlement with D4D the Company transfered 1,250,000 of Medicsight shares to D4D.

Additional capital funding requirements

To date we have primarily financed our operations through private placements of equity securities. In the future we expect to fund our operations through the issuance of debt and equity securities pending market conditions. In addition the Company entered into a line of credit and is also evaluating all alternatives with respect to its' investment in Medicsight, which may provide an additional source of liquidity.

Risks and uncertainties related to our future capital requirements

To date we have primarily financed our operations through private placements of equity securities. To the extent that additional capital is raised through the sale of equity or equity-related securities of the Company or its subsidiaries, the issuance of such securities could result in dilution to our stockholders.

No assurance can be given, however, that we will have access to the capital markets in the future, or that financing will be available on acceptable terms to satisfy our cash requirements to implement our business strategies.

If we are unable to access the capital markets or obtain acceptable financing, our results of operations and financial conditions could be materially and adversely affected. We may be required to raise substantial additional funds through other means.

Our technology has not yet been regulated in all target territories and as a result commercial results have been limited and we have not generated significant revenues. We cannot assure our stockholders that our technology and products will be commercialized successfully, or that if so commercialized, that revenues will be sufficient to fund our operations.

If adequate funds are not available to us, we may be required to curtail operations significantly or to obtain funds through entering into arrangements with collaborative partners or others that may require us to relinquish rights to certain of our technologies or products that we would not otherwise relinquish.

Commitments

On August 25, 2006 we executed a 10-year agreement with Pirbright Holdings Limited, to lease 8,787 square feet of office space at the Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom.

Under this lease agreement our UK property rent, services and related costs will be approximately £330 ($511) per annum, paid quarterly in advance. The Company has exercised its right to terminate, without penalty, the lease upon completion of the fifth year (August 24, 2011) and is currently reviewing alternative properties.

We have a satellite office in Tokyo (Japan) with a two year rental agreement which we do not believe has been affected by the recent events in Japan.

In July 2008 we entered into an agreement with a partner to develop interfaces for our software. We have committed to pay Euros 1,445 ($1,915) over an expected thirty-six month period with the option to terminate the agreement with six months written notice. At December 31, 2010 we have paid Euros 845 ($1,119). These payments will be recovered against future royalty payments, should the products be successfully commercialized. These payments have been expensed to the income statement and classified as research and development.

The following table analyzes our contractual obligations.

	Payments due by period			
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**
Operating lease obligations	$ 352	$ 324	$ 28	$ —
Purchase obligations	796	796	—	—
Total	$ 1,148	$ 1,120	$ 28	$ —

Item 7A Quantitative and Qualitative Disclosure about Market Risk

Not applicable.

Item 8 Financial Statements and Supplementary Data

See Financial Statements and Schedules attached hereto.

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On August 18, 2010 the Audit Committee of the Company's Board of Directors engaged EisnerAmper LLP to serve as the Company's new independent registered public accounting firm, after it was notified on August 16, 2010 that Amper, Politziner and Mattia, LLP ("Amper"), an independent registered public accounting firm, would not be able to stand for re-appointment because it combined its practice on that date with that of Eisner LLP ("Eisner") to form EisnerAmper LLP, an independent registered public accounting firm. The Company previously filed Form 8-K on August 19, 2010 acknowledging this change.

During the Company's fiscal year ended December 31, 2009 and through the date we engaged EisnerAmper LLP, the Company did not consult with Eisner regarding any of the matters or reportable events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

The audit report of Amper on the consolidated financial statements of the Company as of and for the year ended December 31, 2009 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles.

In connection with the audit of the Company's consolidated financial statements for the fiscal year ended December 31, 2009 and through August 16, 2010, there were (i) no disagreements between the Company and Amper on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Amper, would have caused Amper to make reference to the subject matter of the disagreement in their report on the Company's financial statements for such year or for any reporting period since the Company's last fiscal year end and (ii) no reportable events within the meaning set forth in item 304(a)(1)(v) of Regulation S-K.

Item 9A Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

The Company has established controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report (the "Evaluation Date"). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective at the reasonable assurance level due to the material weakness in our internal control over financial reporting (as described below in "Management's Annual Report on Internal Control over Financial Reporting"), which we view as an integral part of our disclosure controls and procedures.

(b) Management's Annual Report on Internal Control over Financial Reporting

SEC rules implementing Section 404 of the Sarbanes-Oxley Act of 2002 require our 2010 Annual Report on Form 10-K to contain management's report regarding the effectiveness of internal control over financial reporting. As a basis for our report, we tested and evaluated the design, documentation, and operating effectiveness of internal control.

Management is responsible for establishing and maintaining effective internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, of MGT Capital Investments, Inc. and its subsidiaries. The Company's internal control over financial reporting consists of policies and procedures that are designed and operated to provide reasonable assurance about the reliability of the Company's financial reporting and its process for preparing financial statements in accordance with generally accepted accounting principles ("GAAP"). There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Management has evaluated the Company's internal control over financial reporting as of December 31, 2010. This assessment was based on criteria for effective internal control over financial reporting described in the standards promulgated by the PCAOB and in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management identified material weaknesses in internal control over financial reporting as of December 31, 2010. As such, internal control over financial reporting was not deemed effective as of December 31, 2010.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting at December 31, 2010, we identified the following material weaknesses:

• The Company did not properly identify and track matters requiring shareholder approval and notifications.

This annual report does not include an attestation report of the Company's independent public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent public accounting firm pursuant to permanent rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

The Company intends to take the following actions in order to remediate its material weaknesses:

• The Company is currently undertaking a full review of its internal procedures. The Company is also considering setting up a compliance committee to ensure that the Company is acting in accordance with all necessary legal requirements.

(c) Changes in Internal Control Over Financial Reporting

No changes in the Company's internal control over financial reporting have occurred during the quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10 Directors, Executive Officers and Corporate Governance.

The following table sets forth the current officers and directors of MGT.

Name	Age	Position
Richard Taney	54	Chairman, Independent Director, Audit and Nomination and Compensation Committee Member
Peter Venton	67	Independent Director, Audit Committee Chairman and Nomination and Compensation Committee Member
Richard W. Cohen	56	Independent Director, Audit and Nomination and Compensation Committee Member
Neal Wyman	58	Independent Director, Audit Committee Member and Nomination and Compensation Committee Chairman
Robert Ladd	52	Director, Interim Chief Executive Officer

Directors are elected in accordance with the Company's by-laws to serve until the next annual stockholders meeting and until their successors are elected in their stead. Officers are appointed by the Board of Directors and hold office until their successors are chosen and qualified, until their death or until they resign or have been removed from office. All corporate officers serve at the discretion of the Board of Directors. There are no family relationships between any director or executive officer and any other director or executive officer of the Company.

Richard Taney, was appointed an independent director of the Company on February 2, 2010, and was appointed Chairman of the Company on March 2, 2011. Since October 2010, Mr. Taney has been the President and CEO and a member of the board of directors of PalliaTech, Inc., a medical device and therapeutics company. Mr. Taney currently provides consulting services to Delcath Systems, Inc. (NASDAQ: DCTH), a medical technology company that developed a patented system for the targeted delivery of ultra-high dose chemotherapy to the liver for treatment of a variety of cancers. From December 2006 until July 2009, Mr. Taney was acting CEO and subsequently CEO and President of Delcath Systems, Inc. Mr. Taney is also the founding member of T2 Capital Management, LLC, an investment management company, and a founding partner of Sandpiper Capital Partners, an investment partnership focused on private equity investments and advisory work for privately held companies involved in a variety of emerging technologies. In addition to having extensive experience in healthcare, medical technology and financial services, Mr. Taney has spent 20 years advising, institutional and high net worth clients at Salomon Brothers, Goldman Sachs and Banc of America Securities. He earned a Bachelor of Arts degree from Tufts University and a JD from Temple University School of Law. The board believes that Mr. Taney has the experience, qualifications, attributes and skills necessary to serve as a director because of his years of experience in the medical technology business and finance.

Peter Venton, Order of the British Empire (OBE), was appointed an independent director of the Company and a member of the Audit Committee in November 2004; he was appointed Chairman of the Board on December 13, 2010 and resigned his position as Chairman on March 7, 2011. Mr. Venton has over 30 years' experience in the computing and telecommunications industry and holds several patents in the sector. He is a former Chief Executive of Plessey Radar and of GEC-Marconi Prime Contracts. Mr. Venton currently serves as the Technical Audit Chairman for the Defence Evaluation & Research Agency and joined the board of Medicsight as an independent director in April 2007. He was also an independent director of Medicsight between November 2001 and July 2005. The board believes that Mr. Venton has the experience, qualifications, attributes and skills necessary to serve as a director because of his years of experience in business, finance and audit.

Robert Ladd joined the Company on December 13, 2010 as a director. Mr. Ladd was appointed Interim Chief Executive Officer on February 7, 2011, to fill the vacancy caused by the resignation of Allan Rowley as Chief Executive Officer. Mr. Ladd is the Managing Member of Laddcap Value Advisors, LLC, which serves as the investment manager for various private partnerships, including Laddcap Value Partners LP. Prior to forming his investment partnership in 2003, Mr. Ladd was a Managing Director at Neuberger Berman, a large international money management firm catering to individuals and institutions. From 1992 through November 2002, Mr. Ladd was a portfolio manager for various high net worth clients of Neuberger Berman. Prior to this experience, Mr. Ladd was a securities analyst at Neuberger from 1988 through 1992. Mr. Ladd is a former Director of InFocus Systems, Inc. (Nasdaq – INFS, 2007 to 2009), and presently serves on the board of Delcath Systems, Inc. (Nasdaq – DCTH, since 2006). Mr. Ladd has earned his designation as a Chartered Financial Analyst (1986). The board believes that Mr. Ladd has the experience, qualifications, attributes and skills necessary to serve as director because of his years of experience in the securities industries.

Richard W. Cohen, for more than the past five years has been President of Lowey Dannenberg Cohen & Hart P.C., a law firm which devotes a substantial amount of its practice to representation of investors in public companies. Mr. Cohen is admitted to practice in New York and Pennsylvania, and the bars of the U.S. Courts of Appeals for the 1st, 2nd, 3rd, 6th and 11th Circuits; the U.S. District Courts for the Southern and Eastern Districts of New York, the Eastern District of Michigan and the Eastern District of Pennsylvania. Mr. Cohen is a Graduate of Georgetown University (A.B. 1977) and the New York University School of Law (J.D. 1980). The board believes that Mr. Cohen has the experience, qualifications, attributes and skills necessary to serve as director because of his years of representing investors in public companies and his expertise with corporate governance matters.

Neal Wyman trained as a Chartered Accountant with Coopers and Lybrand before moving to KPMG where he worked in the Far East. He moved into the recruitment industry in London specializing in financial services, gaining experience with a diverse range of clients. He entered executive search in 1981, initially specializing in the financial services industry before broadening into general appointments and professional services. He now focuses on general management, finance and non-executive appointments in both private and quoted companies, with particular focus on venture capital. He is a graduate of the London School of Economics. Mr. Wyman was appointed an independent director of the Company and a member of the Audit Committee in November 2004. The board believes that Mr. Wyman has the experience, qualifications, attributes and skills necessary to serve as a director because of his years of experience in finance and business.

Arrangements relative to Appointment as Director

Under an Amended and Restated Securities Purchase Agreement dated December 9, 2010 (the "Purchase Agreement") between the Company and Laddcap Value Partners, LP (the "Purchaser"), the Purchaser agreed to purchase 6,500,000 shares of the Company's Common Stock for $1,000. The Company agreed to appoint Robert Ladd, as a director to fill the vacancy caused by the resignation of Tim Paterson-Brown. The transactions contemplated by the Purchase Agreement closed on December 13, 2010. Mr. Ladd is the managing member of the general partner of Laddcap Value Partners, LP.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to any director, director nominee or executive officer:

(1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities;

(4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated;

(5) being the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

(i) any federal or state securities or commodities law or regulation;

(ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

(iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

(6) being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member. (covering stock, commodities or derivatives exchanges, or other SROs).

Corporate Code of Ethics

On December 28, 2007 the Board of Directors adopted a new Code of Business Conduct and Ethics which applies to all directors and employees including the Company's principal executive officer, principal financial officer and principal accounting officer or persons performing similar functions.

Prior to December 28, 2007 the Company's employees were subject to the previous Code of Ethics adopted by the Board of Directors on November 25, 2004.

On December 28, 2007, the Board of Directors adopted the MGT Share Dealing Code, an Anti-Fraud Policy, a Whistleblowing Policy and a Fraud Response Plan. The Board of Directors of Medicsight adopted the Medicsight Share Dealing Code on June 6, 2007.

Copies of the Code of Business Conduct and Ethics, the Anti-Fraud Policy, the Whistleblowing Policy, the MGT Share Dealing Code and the Medicsight Share Dealing Code can be obtained, without charge by writing to the Corporate Secretary at MGT Capital Investments, Inc., Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the securities laws of the United States, the Company's directors, its executive officers, and any persons holding more than five percent of the Company's common stock are required to report their initial ownership of the Company's common stock and any subsequent changes in that ownership to the Securities and Exchange Commission (the "Commission"). Specific due dates for these reports have been established and the Company is required to disclose any failure to file by these dates. The Company can report that there were no delinquent filings in Fiscal 2010.

Audit Committee and Audit Committee Financial Expert

On November 25, 2004 the Company's Board of Directors established an Audit Committee to carry out its audit functions. At December 31, 2010 the membership of the Audit Committee was Peter Venton as Chairman and Neal Wyman as member. Richard Taney and Richard Cohen became members of the Audit Committee on March 7, 2011.

The Company's Board of Directors has determined that Peter Venton, an independent director, is the audit committee financial expert, as defined in Regulation S-K promulgated under the Securities and Exchange Act of 1934, serving on its audit committee.

Item 11 Executive Compensation.

Summary Compensation Table

The following table summarizes Fiscal Years 2010 and 2009 compensation for services in all capacities of the Company's named executive officers and other individuals:

Name Principal Position	Year	Salary	Bonus	Option awards (5)	All other compensation	Total compensation
Tim Paterson-Brown (1)	2010	$ 397	$ —	$ 130	$ —	$ 527
Chairman and CEO	2009	$ 376	$ —	$ 7	$ —	$ 383
Allan Rowley (2)	2010	$ 309	$ —	$ 61	$ —	$ 370
CFO and CEO, Medicsight plc	2009	$ 292	$ —	$ 176	$ —	$ 468
Troy Robinson (3)	2010	$ 185	$ —	$ 74	$ —	$ 259
CFO and CFO, Medicsight plc	2009	$ 141	$ —	$ 19	$ —	$ 160
David Sumner (4)	2010	$ 283	$ —	$ —	$ —	$ 283
Executive Chairman, Medicsight plc	2009	$ 313	$ —	$ 150	$ —	$ 463
Kenichi Nakagawa	2010	$ 239	$ —	$ 9	$ —	$ 248
Managing Director, Medicsight Japan	2009	$ 232	$ —	$ —	$ —	$ 232

(1) Tim Paterson-Brown was appointed Chief Executive Officer on September 21, 2004 and Chairman on June 21, 2007. Mr. Paterson-Brown was appointed Executive Chairman of Medicsight plc on November 30, 2010. Mr. Paterson-Brown resigned as Chief Executive Officer and Chairman on December 13, 2010. Mr. Paterson-Brown resigned as Executive Chairman of Medicsight plc on February 18, 2011.

(2) Allan Rowley was appointed Chief Financial Officer on August 4, 2006. Mr. Rowley resigned his position as Chief Financial Officer and was appointed Chief Executive Officer on December 13, 2010. Mr. Rowley resigned his position as Chief Executive Officer on February 7, 2011.

(3) Troy Robinson was appointed Chief Financial Officer on December 13, 2010 having previously served as Group Controller. Mr. Robinson resigned on March 8, 2011.

(4) David Sumner resigned as Executive Chairman of Medicsight plc on November 23, 2010.

(5) This column discloses the dollar amount of the aggregate grant date fair value of options granted in the year.

Robert Ladd joined the Board of Directors on December 13, 2010 as an independent director. On February 7, 2011 he was appointed Interim Chief Executive Officer and a salary of $240 has been agreed.

Outstanding Equity Awards at December 31, 2010

Name		Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised unearned options	Option exercise price	Option expiry dates
Tim Paterson-Brown					
Medicsight plc	Plan J	437,500	437,500	£0.09 ($0.13)	May 14, 2019
Medicsight plc	Plan M	—	2,125,000	£0.05 ($0.08)	December 13, 2020
Allan Rowley					
Medicsight plc	Plan J	1,000,000	1,000,000	£0.09 ($0.13)	May 14, 2019
Medicsight plc	Plan M	—	1,000,000	£0.05 ($0.08)	December 13, 2020
Troy Robinson					
Medicsight plc	Plan J	150,000	150,000	£0.09 ($0.13)	May 14, 2019
Medicsight plc	Plan M	—	1,200,000	£0.05 ($0.08)	December 13, 2020
David Sumner					
Medicsight plc	Plan J	1,000,000	1,000,000	£0.09 ($0.13)	May 14, 2019
Kenichi Nakagawa					
Medicsight plc	Plan J	100,000	100,000	£0.09 ($0.13)	May 14, 2019
Medicsight plc	Plan M	—	150,000	£0.05 ($0.08)	December 13, 2020

Grants of plan-based awards

Name	Option grant dates	Number of options	Option exercise price	Grant date fair value (2)
Tim Paterson-Brown				
Medicsight plc	May 14, 2009 (1)	875,000	£0.09 ($0.13)	$ 468
Medicsight plc	December 13, 2010 (1)	2,125,000	£0.05 ($0.08)	$ 130
Allan Rowley				
Medicsight plc	May 14, 2009 (1)	2,000,000	£0.09 ($0.13)	$ 475
Medicsight plc	December 13, 2010 (1)	1,000,000	£0.05 ($0.08)	$ 61
Troy Robinson				
Medicsight plc	May 14, 2009 (1)	300,000	£0.09 ($0.13)	$ 123
Medicsight plc	December 13, 2010 (1)	1,200,000	£0.05 ($0.08)	$ 63
David Sumner				
Medicsight plc	May 14, 2009 (1)	2,000,000	£0.09 ($0.13)	$ 534
Kenichi Nakagawa				
Medicsight plc	May 14, 2009 (1)	200,000	£0.09 ($0.13)	$ 79
Medicsight plc	December 13, 2010 (1)	150,000	£0.05 ($0.08)	$ 80

(1) One-sixth of options vest every six months after the grant date
(2) We estimate grant date fair value using the Black-Scholes option pricing model

Discussion of Summary Compensation and Grant of Plan Based Award Tables.

Employment agreements

Pursuant to their original employment agreements with MGT Capital Investments Inc., Tim Paterson-Brown and Allan Rowley received an annual salary of $397 (£260) and $309 (£200) respectively, plus a bonus each year as determined by our Board of Directors based on attainment of performance goals conveyed to the employee. Tim-Paterson Brown was on 12 months' notice to the Company and 36 months' notice from the Company. Allan Rowley was on 6 months' notice to the Company and 24 months' notice from the Company. Under the contract for services dated July 29, 2010 between the Company and D4D Limited (the "D4D Agreement"), D4D Limited agreed to provide the services of Messrs. Paterson-Brown and Rowley for similar compensation. In light of Tim Paterson-Brown's resignations of all his positions with the Company on December 13, 2010, he became entitled to receive his base compensation until July 29, 2013. In light of Allan Rowley's resignations from MGT on February 7, 2011, he became entitled to receive his base compensation until July 29, 2013.

Potential Payments on Termination or Change in Control

The Company may immediately terminate the employment of any named officer for gross misconduct. Subject to the foregoing, Allan Rowley would have been entitled to payment of his base compensation under the D4D Agreement until July 29, 2013 if he resigned or was terminated by the Company. Both Tim Paterson-Brown and Allan Rowley had change in control provisions under the D4D Agreement. Upon the occurrence of a specified change in control event, each of Tim Paterson-Brown and Allan Rowley would have been entitled to an immediate payment of the remainder of the applicable base compensation that would otherwise be due under the D4D Agreement. On April 12, 2011, the agreement with D4D was renogiated and a settlement agreement between MGT Capital Investments Inc. and D4D, Tim Paterson-Brown and Allan Rowley was executed and delivered. Under the settlement agreement, the following payments and assignments have been agreed to be made by the Company to D4D: £110 ($170) settlement fee, £80 ($124) recoverable local taxes, £17 ($25) estimated legal expense and the assignment of 1,250,000 shares of MDST common stock held by the Company to D4D valued at $84 at December 31, 2010. The parties, upon the terms and subject to the conditions of the settlement agreement and to the extent permitted by law, settled all claims arising out of the D4D Agreement and the respective directorships and employment arrangements with the Company and certain of its affiliates.

Director Compensation for 2010

Name	Fees Earned or Paid in Cash (1)	Option Awards	All Other Compensation	Total
Neal Wyman	$ 65	$ —	$ —	$ 65
Dr L. Peter Fielding	$ 8	$ —	$ —	$ 8
Peter Venton (2)	$ 111	$ —	$ —	$ 111
Sir Christopher Paine	$ 20	$ —	$ —	$ 20
Dr Allan Miller	$ 5	$ —	$ —	$ 5

(1) As employees of the Company, Tim Paterson-Brown, the Chairman and Chief Executive Officer, and Allan Rowley, the Company's Chief Financial Officer, received no directors' fees from the Company during 2010 and are therefore not included in the table.

(2) Includes fees for services to the Company and to Medicsight plc.

All Directors are reimbursed for their out-of-pocket expenses incurred in connection with the performance of Board duties.

Director Compensation for 2009

Name	Fees Earned or Paid in Cash (1)	Option Awards	All Other Compensation	Total
Neal Wyman	$ 40	$ —	$ —	$ 40
Dr L. Peter Fielding	$ 30	$ —	$ —	$ 30
Peter Venton (2)	$ 87	$ —	$ —	$ 87
Sir Christopher Paine	$ 20	$ —	$ —	$ 20
Dr Allan Miller	$ 20	$ —	$ —	$ 20

All the Directors will be reimbursed for their out-of-pocket expenses incurred in connection with the performance of Board duties.

(1) As employees of the Company, Tim Paterson-Brown, the Chairman and Chief Executive Officer, and Allan Rowley, the Company's Chief Financial Officer, received no directors' fees from the Company during 2009 and are therefore not included in the table.

(2) Includes fees for services to the Company and to Medicsight plc.

Independent Director Compensation

Each independent director receives annual compensation of $20. Members of the audit committee and/or remuneration committee receive an extra $10 for each committee they serve on. In fiscal 2010 Peter Venton and Neil Wyman also served on a special committee and received compensation of $25. For the fiscal year 2011, the Company does not propose any change in fees for its independent directors.

Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of March 25, 2011:

- ☐ each person known by the Company to be the beneficial owner of more than 5% of the outstanding common stock;
- ☐ each person serving as a director, a nominee for director, or executive officer of the Company; and
- ☐ all executive officers and directors of the Company as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In general, a person who has voting power and/or investment power with respect to securities is treated as a beneficial owner of those securities. For purposes of this table, shares subject to outstanding warrants and options exercisable within 60 days of the date of this Annual Report are considered as beneficially owned by the person holding such securities. To our knowledge, except as set forth in this table, the persons named in this table have sole voting and investment power with respect to the shares shown.

Percentage beneficially owned is based upon 39,550,590 shares of common stock issued and outstanding as of April 12, 2011.

Name and address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Equity Beneficially Owned
5% Beneficial Owners		
Directors and Officers		
Robert Ladd	8,484,012(1)	21.7%
Neal Wyman	100,000**	—*
Peter Venton	116,666**	*
Richard Taney	100,000**	—*
Richard W. Cohen	100,000**	—*
Tim Paterson-Brown (2)	2,000,000	5.1%
Allan Rowley (3)	—	—
Troy Robinson (4)	—	—
Total Officers and Directors as a Group (8 persons)	10,900,678	26.8%

* Less than 1%.

** On March 7, 2011, the Board approved the issuance of 100,000 restricted shares of common stock, vesting one-third each six months from date of issue, to each of Messrs. Wyman, Venton, Taney, and Cohen. The unvested shares are subject to forfeiture if the applicable director is not a director of the Company at the time the restricted shares are to vest.

Addresses for the above directors and officers are care of the Company at Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom.

(1) Mr. Ladd owns 500,000 shares of Common Stock directly. Mr. Ladd may also be deemed to be the beneficial owner of an additional 7,984,012 shares of Common Stock held by Laddcap Value Partners L.P., a Delaware limited partnership (the "Partnership"), by virtue of his ability to vote or control the vote or dispose or control the disposition of the shares of Common Stock held by the Partnership through his position as managing member of Laddcap Value Associates, LLC and Laddcap Value Advisors, LLC, each a Delaware limited liability company that serves as the general partner and investment advisor of the Partnership, respectively.

(2) Mr. Paterson-Brown resigned on December 13, 2010.
(3) Mr. Rowley resigned on February 7, 2011.
(4) Mr. Robinson resigned on March 8, 2011.

Item 13 Certain Relationships and Related Transactions and Director Independence.

Accsys Technologies

Tim Paterson-Brown, our former Chairman and Chief Executive Officer, was a non-executive director of Accsys Technologies plc, but resigned from this position on April 6, 2010. Accsys Technologies plc has a subsidiary company Titan Wood Limited, which rents space in 66 Hammersmith Road. During the year ended December 31, 2010 and 2009 respectively, £126 ($195) and £108 ($168) of office related costs were recharged to Titan Wood Limited. At December 31, 2010 there was a balance receivable from Titan Wood Limited of £29 ($45) of which £nil ($nil) remains unpaid as of April 12, 2010. This is payable within 30 days under the terms of the invoice.

Moneygate Group

In Fiscal 2009 we purchased 49% of the share capital of Moneygate Group Limited ("Moneygate"), a UK based firm of Independent Financial Advisors. On acquisition we provided loan facilities of £250 ($398) for working capital and £2,000 ($3,186) for acquisitions. In the year ended December 31, 2009, the Company advanced a £250 ($398) working capital facility and £100 ($159) as part of a £2,000 ($3,186) acquisition facility to Moneygate, which was all outstanding at the year end. In the year ended December 31, 2010 we allowed a portion of the acquisition facility to be used for working capital as acquisitions had been delayed and Moneygate still required cash to fund its operations.

At December 31, 2010, Moneygate is a related party. It was considered that the Company had significant influence over its operations and had representation on the board of directors. Due to this significant influence, we account for it under the equity method (see note 8). Since the investment was acquired at a nominal value, also its fair value, and has incurred losses since we made our investment, it is recorded in the consolidated financial statements at a value of $nil at December 31, 2010 and 2009.

On January 31, 2011, we entered into a Sale and Purchase Agreement with Committed. Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) 9,607,843(representing all shares held by the company) shares of Moneygate Group Limited ("Moneygate") for total consideration of £0.096 ($0.154); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387). The Purchase Agreement is conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011.

Dunamis Capital

Allan Rowley, former Chief Executive Officer and former Chief Financial Officer of MGT Capital Investments, Inc. and current Chief Executive Officer of Medicsight, along with David Sumner, former Chairman of Medicsight, are both directors of Dunamis Capital ("Dunamis") (www.dunamis-capital.com). Dunamis is a United Arab Emirates (UAE) registered company regulated by the Dubai Financial Services Authority (DFSA). Dunamis is 100% owned by David Sumner and was set up, by David with Allan Rowley's financial consulting assistance, as a corporate financing and advisory firm. On September 6, 2010 Medicsight made a short-term loan of $1,100 (£711) to Dunamis.

In February 2011 the Company, following consultation with its nominated advisor noted that as a result of Mr Sumner's relationships with both Dunamis and Medicsight, the Loan constituted a related party transaction under Rule 13 of the London Stock Exchange AIM Market ("AIM") Rules for Companies. Rule 13 requires that an AIM company must issue notification without delay as soon as the terms of a transaction with a related party are agreed. The independent directors, having consulted with the Company's nominated adviser, consider that the terms of the transaction were fair and reasonable insofar as shareholders were concerned. The Board is currently undertaking a full review of the Company's internal procedures in consultation with the Company's nominated adviser. The Company is also considering setting up an AIM compliance committee to ensure that the Company is acting in accordance with AIM Rules.

D4D Limited

Effective July 6, 2010, the Company entered into a service agreement with D4D Limited ("D4D"), a company that offers Executive Services for small and mid-cap companies. D4D is owned by Tim Paterson-Brown and Allan Rowley, and pursuant to the agreement, provided the services of Chairman, Chief Executive Officer and Chief Financial Officer to the Company. The D4D service agreement provided the services of Tim Paterson-Brown and Allan Rowley on similar remuneration to their previous employment contracts with MGT.

On executing the contract with D4D on July 29, 2010, Tim Paterson-Brown and Allan Rowley terminated their employment contracts with MGT Capital Investments, Inc., but still held the offices of Chairman and Chief Executive Officer and Chief Financial Officer, respectively.

On December 13, 2010 Tim Paterson-Brown resigned as Chairman and Chief Executive Officer of MGT Capital Investments Inc. Effective December 13, 2010 and following the resignation of David Sumner on November 23, 2010, Tim Paterson-Brown became Chairman of Medicsight, the Company's significant subsidiary. As such, an agreement between Medicsight and D4D was entered into for the provision of the services of an Executive Chairman. On February 18, 2011, Tim Paterson-Brown subsequently resigned as Chairman of Medicsight and was entitled to receive, and has been paid in the year ended December 31, 2011, a severance amount of $223 (£144).

On December 13, 2010 Allan Rowley resigned as Chief Financial Officer and took up office of Chief Executive Officer for MGT. Subsequently, Mr. Rowley resigned on February 7, 2011, to focus on the operations of Medicsight and currently holds the position of Chief Executive Officer of Medicsight.

On April 12, 2011, the agreement with D4D was renegotiated and a settlement agreement between MGT Capital Investments Inc. and D4D, Tim Paterson-Brown and Allan Rowley was executed and delivered. Under the settlement agreement, the following payments and assignments have been agreed to be made by the Company to D4D: £110 ($170) settlement fee, £80 ($124) recoverable local taxes, £17 ($25) estimated legal expense and the assignment of 1,250,000 shares of MDST common stock held by the Company to D4D valued at $84 at December 31, 2010. The parties, upon the terms and subject to the conditions of the settlement agreement and to the extent permitted by law, settled all claims arising out of the D4D Agreement and the respective directorships and employment arrangements with the Company and certain of its affiliates. The Company has accrued the outstanding severance amount of $281 (see note 10).

During the year ended December 31, 2010, MGT and Medicsight made payments to D4D totaling $511 and $31 respectively

Asia IT Capital Investments Ltd

A director of Asia IT is a brother of Tim Paterson-Brown (our former Chairman and former Chief Executive Officer). In addition to the loan facilities made available by Asia IT to the Company and Medicsight plc, Asia IT received commissions on shares issuances and transactions in Fiscal 2007, 2006 and 2005.

During the year ended December 31, 2009 the Company placed monies on deposit with Asia IT. These monies earned interest at an annual rate of 3%. The funds were on call at any time. At December 31, 2009 the balance of monies on deposit with Asia IT was $992 which included $32 of interest income earned in the year ended December 31, 2009. No such amounts were on deposit with Asia IT as of December 31, 2010.

MGT has made various investments in XShares Group LLC ("XShares"); MGT was introduced to XShares by Asia IT. In December 31, 2007 the Company invested $960 in XShares. During the year ended December 31, 2008 the Company acquired shares valued at $2,040 in XShares and the combined investment was impaired to $600. During the year ended December 31, 2009 the Company invested $2,000 in convertible notes with a principal of $2,100 in XShares Group LLC. These notes and the investment were fully impaired in the year ended December 31, 2009. For part of the year ended December 31, 2009 Tim Paterson-Brown was a director of XShares. In Fiscal 2009 the equity investment, convertible notes and accrued interest were fully impaired. The investment in XShares was subsequently sold in March 2010.

In the year ended December 31, 2007 the Company invested $2,000 in HipCricket Inc. MGT was introduced to HipCricket Inc. by Asia IT Limited and a brother of Tim Paterson-Brown is a non-executive director of HipCricket Inc. In Fiscal 2008 and 2009 the investment in HipCricket was impaired with a new carrying value of $224. The investment in HipCricket was subsequently sold in March 2010.

Director independence

Each of the Company's independent directors: Richard Taney, Richard Cohen, Neal Wyman and Peter Venton are considered independent under Section 803A of the NYSE AMEX stock exchange rules to which the Company must comply.

Item 14 Principal Accounting Fees and Services.

Fees for independent registered public accounting firm for 2010 and 2009

Set forth below are the aggregate fees billed for each of the last two fiscal years ended December 31, 2010 and December 31, 2009 for services rendered by EisnerAmper LLP and Amper, Politziner & Mattia, LLP.

	2010	2009
Audit fees	$ 175	$ 240
Audit-related fees	-	-
Total Audit & Audit-related fees	$ 175	$ 240
Tax fees	$ 42	$ 80
All other fees	-	-
Total fees	$ 217	$ 320

On August 18, 2010 the Audit Committee of the Company's Board of Directors engaged EisnerAmper LLP to serve as the Company's new independent registered public accounting firm, after it was notified on August 16, 2010 that Amper, Politziner and Mattia, LLP, an independent registered public accounting firm, would not be able to stand for re-appointment because it combined its practice on that date with that of Eisner LLP to form EisnerAmper LLP, an independent registered public accounting firm. The Company previously filed Form 8-K on August 19, 2010 acknowledging this change.

Audit fees consist of fees billed for services rendered for the audit of our financial statements and review of our financial statements included in our quarterly reports on Form 10-Q. During 2010 and 2009, we incurred audit fees with Amper, Politziner, & Mattia, LLP in the amount of $25 and $240, respectively. During 2010 and 2009, we incurred audit fees with EisnerAmper LLP in the amount of $150 and $0, respectively.

Tax fees consist of fees billed for professional services related to the preparation of our U.S. federal and state income tax returns and tax advice. During 2010 and 2009, we incurred tax fees with Amper, Politziner, & Mattia, LLP in the amount of $9 and $80, respectively. During 2010 and 2009, we incurred audit fees with EisnerAmper LLP in the amount of $33 and $0, respectively.

The Audit Committee pre-approved all Audit-related fees. After considering the provision of services encompassed within the above disclosures about fees, the Audit Committee has determined that the provision of such services is compatible with maintaining EisnerAmper's independence.

Pre-approval policy of services performed by independent registered public accounting firm

The Audit Committee's policy is to pre-approve all audit and non-audit related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated the pre-approval authority to its chairperson when expedition of services is necessary. The independent registered public accounting firm and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval and the fees for the services performed to date.

PART IV

Item 15 Exhibits and Financial Statement Schedules.

Financial Statements

The consolidated financial statements of the Company for the fiscal years covered by this Annual Report are located on pages F-1 to F-24 of this Annual Report.

Exhibits

Exhibit No.	Description
2.1	Articles of Merger of Medicsight, Inc., a Utah corporation (1)
2.2	Certificate of Merger of Medicsight, Inc., a Delaware corporation (1)
2.3	Offering Document to acquire shares of Radical Technology plc. (2)
3.1	Certificate of Incorporation of Medicsight, Inc. and amendments thereto (1)
3.2	By-Laws of Medicsight, Inc. (1)
4.1	Loan Note issued by HTTP Insights, Ltd. to Nightingale Technologies Ltd. (5)
10.1	Share Sale Agreement between Nightingale Technologies Limited and Medicsight, Inc. (3)
10.2	Letter Agreement between Asia IT Capital Investments, Ltd. and Medicsight, Inc. (4)
10.2	Letter Agreement between Asia IT Capital Investments, Ltd. and Medicsight plc (5)
10.3	Securities Purchase Agreement with XShares Group, Inc. (6)
10.4	Second Amended and Restated Certificate of Incorporation of XShares Group, Inc. (6)
10.5	Convertible Promissory Note between XShares Group, Inc. and MGT Capital Investments, Inc. (6)
10.6	First Amendment to Securities Purchase Agreement with XShares Group, Inc. (7)
10.7	Second Amendment to Securities Purchase Agreement with XShares Group, Inc. (7)
10.8	Convertible Promissory Note between XShares Group, Inc. and MGT Capital Investments, Inc. dated August 10, 2009. (7)
10.9	Subscription agreement between Moneygate Group Limited and MGT Capital Investments Limited (8)
10.10	Working capital facility agreement between MGT Capital Investments Limited and Moneygate Group Limited (8)
10.11	Facility agreement between MGT Capital Investments Limited and Moneygate Group Limited (8)
10.12	Agreement for the Purchase of Assets dated March 31, 2010 between MGT Capital Investments, Inc. and MGT Investments Limited and Rivera Capital Management Limited (filed herewith at page E-1).
10.13	Amended and Restated Securities Purchase Agreement dated December 9, 2010 between MGT Capital Investments, Inc. and Laddcap Value Partners, LP (filed herewith at page E-9).
10.14	Registration Rights Agreement dated December 9, 2010 between MGT Capital Investments, Inc. and Laddcap Value Partners, LP (filed herewith at page E-38).
10.15	Sale and Purchase Agreement dated January 31, 2011 between MGT Investments Limited and Committed Capital Nominees Limited (filed herewith at page E-58).
10.16	Form of Revolving Line of Credit and Security Agreement dated April , 2011 between MGT Capital Investments, Inc. and Laddcap Value Partners, LP (filed herewith at page E-67).
10.17	Form of Revolving Credit Note dated April , 2011 for the benefit of Laddcap Value Partners, LP (filed herewith at page E-74).
21.1	Subsidiaries (filed herewith at page E-76).
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Interim Chief Executive Officer (filed herewith at page E-77).
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Principal Financial Officer (filed herewith at page E-78).
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Interim Chief Executive Officer (filed herewith at page E-79).
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Principal Financial Officer (filed herewith at page E-80).

(1) Incorporated herein by reference to the Company's Current Report on Form 8-K filed on January 19, 2007.

(2) Incorporated herein by reference to the Company's Current Report on Form 8-K filed on May 23, 2000.

(3) Incorporated herein by reference to the Company's Current Report on Form 8-K filed March 7, 2001.

(4) Incorporated herein by reference to the Company's Registration Statement on Form SB-2, filed December 26, 2001.

(5) Incorporated herein by reference to the Company's Annual Report on Form 10-KSB, filed April 19, 2002.

(6) Incorporated herein by reference to the Company's Quarterly Report on Form 10-Q, filed May 15, 2009

(7) Incorporated herein by reference to the Company's Quarterly Report on Form 10-Q, filed August 14, 2009

(8) Incorporated herein by reference to the Company's Quarterly Report on Form 10-Q, filed November 12, 2009

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MGT CAPITAL INVESTMENTS, INC

April 15, 2011

By: /s/ ROBERT LADD
Robert Ladd
Interim Chief Executive Officer (Principal Executive Officer)

April 15, 2011

By: /s/ ROBERT LADD
Robert Ladd
Interim Chief Executive Officer (Principal Financial Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RICHARD TANEY Richard Taney	Director	April 15, 2011
/s/ PETER VENTON Peter Venton	Director	April 15, 2011
/s/ RICHARD COHEN Richard Cohen	Director	April 15, 2011
/s/ NEAL WYMAN Neal Wyman	Director	April 15, 2011
/s/ ROBERT LADD Robert Ladd	Director	April 15, 2011

MGT CAPITAL INVESTMENTS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
MGT Capital Investments, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of MGT Capital Investments, Inc. and Subsidiaries as of December 31, 2010, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for the year 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 audit.

We also have audited the adjustments to the 2009 financial statements to retrospectively apply the change in accounting for discontinued operations, as described in Note 3. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2009 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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 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 consolidated financial position of MGT Capital Investments, Inc. and Subsidiaries as of December 31, 2010, and the consolidated results of their operations and their cash flows for the year ended, in conformity with U.S. generally accepted accounting principles.

In connection with our audit of the consolidated financial statements referred to above, we also audited Schedule II — Valuation and Qualifying Accounts for the year ended December 31, 2010. In our opinion, this financial schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information stated therein.

/s/ EisnerAmper LLP

Edison, New Jersey
April 15, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
MGT Capital Investments, Inc. and Subsidiaries

We have audited, before the effects of the adjustments to retrospectively apply the change in accounting for discontinued operations described in Note 3, the accompanying consolidated balance sheet of MGT Capital Investments, Inc. and Subsidiaries as of December 31, 2009, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for the year then ended (the 2009 financial statements before the effects of the adjustments discussed in Note 3 are not presented herein). The 2009 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 audit in accordance with the standards of the Public Company Accounting Oversight Board (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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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 audit provides a reasonable basis for our opinion.

In our opinion the 2009 consolidated financial statements, before the effects of the adjustments to retrospectively apply the change in accounting for discontinued operations described in Note 3, presents fairly, in all material respects, the consolidated financial position of MGT Capital Investments, Inc. and Subsidiaries as of December 31, 2009, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In connection with our audit of the consolidated financial statements referred to above, we also audited Schedule II — Valuation and Qualifying Accounts for the year ended December 31, 2009. In our opinion, this financial schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information stated therein.

We are not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the change in accounting for discontinued operations described in Note 3, and accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by EisnerAmper LLP.

/s/ Amper, Politziner & Mattia, LLP

March 30, 2010
Edison, New Jersey

MGT CAPITAL INVESTMENTS, INC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands except share and per share amounts)

	December 31,	
	2010	**2009**
Assets		
Current assets:		
Cash and cash equivalents	$ 8,434	$ 22,165
Accounts receivable	46	97
Other receivables — related party	45	105
Prepaid expenses and other current assets	699	620
Deferred consideration for sale of assets	370	—
Loan receivable — related party — current	1,136	398
Total current assets	10,730	23,385
Property and equipment, at cost, net	247	290
Investments at cost	—	224
Security deposits	191	219
Loan receivable — related party — long term	308	159
Total assets	$ 11,476	$ 24,277
Liabilities		
Current liabilities:		
Accounts payable	411	916
Accrued expenses	981	1,214
Other payables	158	114
Total current liabilities	1,550	2,244
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.001 par value: 75,000,000 shares authorized; 39,050,590 shares issued and outstanding as of December 31, 2010; and 38,900,383 and 32,550,590 shares issued and outstanding respectively as of December 31, 2009.	39	39
Additional paid-in capital	282,409	299,878
Accumulated other comprehensive loss	(5,005)	(4,549)
Accumulated deficit	(275,478)	(265,827)
	1,965	29,541
Treasury stock, at cost; nil and 6,349,793 shares of common stock as of December 31, 2010 and December 31, 2009, respectively	—	(18,912)
Total stockholders' equity	1,965	10,629
Non-controlling interest	7,961	11,404
Total equity	9,926	22,033
Total stockholders' equity, liabilities and non-controlling interest	$ 11,476	$ 24,277

The accompanying notes are an integral part of these consolidated financial statements.

MGT CAPITAL INVESTMENTS, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)

	For the Years Ended December 31,	
	2010	**2009**
Revenues	$ 540	$ 180
Cost of revenue	(116)	—
Gross profit	424	180
Operating expenses		
Selling, general and administrative	10,181	13,899
Research and development cost	1,576	1,998
Impairment of goodwill	—	12,157
	11,757	28,054
Operating loss	(11,333)	(27,874)
Interest and other income/(expense), net	66	(3,238)
Impairment of loan receivable – related party	(1,985)	—
	(1,919)	(3,238)
Net loss from continuing operations before income tax benefit	(13,252)	(31,112)
Income tax benefit	336	—
Net loss from continuing operations before non-controlling interest	(12,916)	(31,112)
Discontinued operations		
Net loss from operations of Medicexchange, net of income tax benefit	(234)	(1,031)
Gain on sale of Medicexchange, net of income taxes	149	—
	(85)	(1,031)
Net loss before non-controlling interest	(13,001)	(32,143)
Net loss attributable to non-controlling interest	3,350	5,766
Net loss attributable to MGT Capital Investments, Inc.	$ (9,651)	$ (26,377)
Per share data:		
Basic and diluted loss per share from continuing operations	$ (0.29)	$ (0.78)
Basic and diluted loss per share from discontinued operations	—	(0.03)
	$ (0.29)	$ (0.81)
Weighted average number of common shares outstanding	32,960,179	32,550,590

The accompanying notes are an integral part of these consolidated financial statements.

MGT CAPITAL INVESTMENTS, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME / (LOSS)
(In thousands)

	Common stock		Additional paid-in	Accumulated comprehensive	Accumulated	Treasury	Total stockholders'	Non-controlling	Total
	Shares	Amount	capital	income/(loss)	deficit	stock	equity	interest	equity
BALANCE, JANUARY 1, 2009	38,900	$ 39	$ 298,376	$ (4,959)	$ (239,450)	$ (18,912)	$ 35,094	$ 16,017	$ 51,111
Stock-based compensation		—	1,502			—	1,502	497	1,999
COMPREHENSIVE INCOME/(LOSS)									
Net loss for the year	—	—	—	—	(26,377)	—	(26,377)	(5,766)	(32,143)
Translation adjustment	—	—	—	410	—	—	410	656	1,066
Total comprehensive loss							(25,967)	(5,110)	(31,077)
BALANCE, DECEMBER 31, 2009	38,900	39	299,878	(4,549)	(265,827)	(18,912)	10,629	11,404	22,033
Sale of stock in treasury	—	—	(17,935)	—	—	18,912	977	—	977
Sale of stock	151	—	23	—	—	—	23	—	23
Stock-based compensation	—	—	443	—	—	—	443	352	795
Disposal of Medicexchange	—	—	—	—	—	—	—	(233)	(233)
COMPREHENSIVE INCOME/(LOSS)									
Net loss for the year	—	—	—	—	(9,651)	—	(9,651)	(3,350)	(13,001)
Translation adjustment	—	—	—	(456)	—	—	(456)	(212)	(668)
Total comprehensive loss							(10,107)	(3,562)	(13,669)
BALANCE, DECEMBER 31, 2010	39,051	$ 39	$ 282,409	$ (5,005)	$ (275,478)	$ —	$ 1,965	$ 7,961	$ 9,926

The accompanying notes are an integral part of these consolidated financial statements.

MGT CAPITAL INVESTMENTS, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

	For the Years Ended December 31,	
	2010	**2009**
Cash flows from operating activities:		
Net loss before non-controlling interest	$ (13,001)	$ (32,143)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss from discontinued operations	234	1,031
Stock-based compensation expense	784	1,950
Depreciation	138	310
Loss on impairment of goodwill	—	12,157
Loss on impairment of loans receivable – Related Party	1,985	—
Loss on impairment of investments at cost	—	1,514
Loss on disposal of fixed assets	7	111
Loss/(profit) on disposal of companies	(201)	448
Accrued interest receivable	(39)	(210)
Impairment of XShares convertible note	—	2,210
(Increase)/decrease in assets		
Accounts receivable	44	66
Other receivable — related party	57	(51)
Prepaid expenses and other current assets	(45)	136
Increase/(decrease) in liabilities		
Accounts payable	(170)	(1,617)
Accrued expenses	(233)	(89)
Other payables	(41)	26
Net cash used in operating activities	(10,481)	(14,151)
Cash flows from investing activities:		
Issuance of Moneygate loans receivable	(1,756)	(578)
Issuance of Dunamis Capital loans receivable - related party	(1,100)	—
Cash in Medicexchange subsidiaries disposed of	(1,101)	—
Sale of marketable securities	—	946
Purchase of property, plant and equipment	(96)	(16)
Issuance of XShares convertible note	—	(2,000)
Receipts of deferred consideration for sale of assets	766	—
Net cash used in by investing activities	(3,287)	(1,648)
Cash flows from financing activities:		
Sale of shares of MGT Capital Investments Inc.	1,000	—
Net cash provided by financing activities	1,000	—
Cash flows of discontinued operations		
Net cash provided by / (used in) Medicexchange operating activities	(226)	280
Net cash provided by / (used in) discontinued operations	(226)	280
Effects of exchange rates on cash and cash equivalents	(737)	(610)
Net change in cash and cash equivalents	(13,731)	(16,129)
Cash and cash equivalents, beginning of year	22,165	38,294
Cash and cash equivalents, end of year	$ 8,434	$ 22,165
Supplemental disclosures of cash paid		
Interest paid	$ —	$ —
Taxes paid	$ —	$ —

The accompanying notes are an integral part of these consolidated statements.

MGT CAPITAL INVESTMENTS, INC AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except share and per share amounts)

1. Organization, basis of presentation and liquidity

MGT Capital Investments, Inc. ("MGT", "the Company", "the Group", "we", "us") is a holding company. We currently have a controlling interest in our operating subsidiary, Medicsight plc ("Medicsight") and a 49% holding in Moneygate Group Limited ("Moneygate"). On March 31, 2010 we disposed of our controlling interest in Medicexchange Limited ("Medicexchange") and various other investments. We also have wholly owned subsidiaries MGT Capital Investments (UK) Limited, MGT Investments (Gibraltar) Limited, and Medicsight Nominees Limited.

- Medicsight and its wholly owned subsidiaries is a medical technology company focusing on medical imaging software development and medical hardware devices. The Company is listed on the AIM Market of the London Stock Exchange (Ticker symbol "MDST") and develops and commercializes enterprise-wide Computer-Aided Detection ("CAD") applications which analyze Computer Tomography ("CT") scans to assist radiologists in the early detection and measurement of colorectal polyps and lung lesions. The Company has also developed an automated CO_2 insufflation device (MedicCO_2LON) which it commercializes through a global distributor. Medicsight currently has limited revenue and is awaiting regulatory approvals in key markets. The Company holds 86 million shares (55%) of the 155 million issued share capital of Medicsight.

- At December 31, 2010, the Company also had a 49% holding in Moneygate Group Limited, a United Kingdom ("UK") based firm of Independent Financial Advisors. On January 31, 2011, the Company entered into a Sale and Purchase Agreement (the "Purchase Agreement") with Committed Capital Nominees Limited ("Committed"). Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) 9,607,843 (representing all shares held by the company) shares of Moneygate Group Limited ("Moneygate") for total consideration of £0.096 ($0.154); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387).

  The Purchase Agreement is conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011.

The Company has incurred significant operating losses since inception and is generating losses from operations. As a result, the Company has generated negative cash flows from operations and has an accumulated deficit of $275,478 at December 31, 2010. The Company is operating in a developing industry based on new technology and its primary source of funds to date has been through the issuance of securities. While the Company is optimistic and believes appropriate actions are being taken, there can be no assurance that management's efforts will be successful or that the products the Company develops and markets will be accepted by consumers.

At December 31, 2010 Medicsight's cash and cash equivalents were $8,256. The Company is hopeful of an FDA approval being granted following review of its recently filed response to the FDA's informal questions. Post FDA approval the Company expects sales to increase and would seek additional funding.

At December 31, 2010 MGT's Company only cash and cash equivalents were $178. Subsequent to the year ended December 31, 2010, the Company received the outstanding funds owed from the sale of investments to Rivera and Committed Capital. On April 12, 2011 the Company entered into a Revolving Line of Credit and Security Agreement with Laddcap Value Partners, LP ("Laddcap"), a related party, for up to $500 for a fifteen month term. The Agreement encompasses a standby commitment fee of two (2%) percent of the maximum loan amount along with an eight (8%) percent interest charge on any funds drawn (see note 20).

Management believes that the current level of working capital, receipts from the sale of investments, together with the Revolving Line of Credit and Security Agreement ("Agreement") with Laddcap Value Partners, LP will be sufficient to allow the Company to maintain its operations through December 31, 2011 and into 2012 .

2. Summary of significant accounting policies:

Principles of consolidation

The consolidated financial statements include the accounts of our Company plus wholly owned subsidiaries and our majority owned subsidiary Medicsight. The functional currency of our subsidiary is their local currency, UK sterling (£). All intercompany transactions and balances have been eliminated. All foreign currency translation gains and losses arising on consolidation were recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). Non-controlling interest represents the minority equity investment in any of the MGT Capital Investments, Inc. group of companies, plus the minorities' share of the net operating result and other components of equity relating to the non-controlling interest.

Use of estimates

The preparation of consolidated 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 amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers investments with original maturities of three months or less to be cash equivalents.

Revenue Recognition

Medicsight

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when have persuasive evidence of an arrangement, the product has been shipped or the services have been provided to the customer, the sales price is fixed or determinable and collectability is probable.

Software — License fee revenue is derived from the licensing of computer software. Maintenance revenue is derived from software maintenance. Our software licenses are generally sold as part of an arrangement that includes maintenance and support.

The Company licenses software and sell maintenance through visualization solution partners and original equipment manufacturers. The Company receives regular sales reporting detailing the number of licenses sold by original equipment manufacturers, value-added resellers and independent distributors (collectively, "Resellers") to end users. The Company generally offers terms that require payment 30-45 days from invoicing.

Provided the Reseller i) assumes all risk of the purchase, ii) has the ability and obligation to pay regardless of receiving payment from the end user, and all other revenue recognition criteria are met, license revenue from Resellers is recognized upon shipment of its product to vendors ("sell-in basis").

Revenue from license fees is recognized when notification of shipment to the end user has occurred, there are no significant Company obligations with regard to implementation and the Company's services are not considered essential to the functionality of other elements of the arrangement.

Services — Revenue from maintenance and support arrangements is deferred and recognized ratably over the term of the maintenance and support arrangements.

Multiple-element arrangements — the Company enters into arrangements with resellers that include a combination of software products, maintenance and support. For such arrangements, the Company recognizes revenue using the residual method. The Company allocates the total arrangement fee among the various elements of the arrangement based on the fair value of each of the undelivered elements determined by vendor-specific objective evidence of fair value. The fair value of maintenance and support services is established based on renewal rates. In software arrangements for which the Company does not have vendor-specific objective evidence of fair value for all elements, revenue is deferred until the earlier of when vendor-specific objective evidence of fair value is determined for the undelivered elements (residual method) or when all elements for which the Company does not have vendor-specific objective evidence of fair value have been delivered.

Hardware — Revenue is derived from the sale of our MedicCO_2LON product. This product is an automated CO_2 insufflation device, and is generally sold as part of an arrangement that includes a one year warranty. The risk of incurring warranty related expense is mitigated by the warranty contractually agreed with the supplier. The Company reviews the risk of warranty liabilities on a regular basis, and makes any and all appropriate provisions accordingly. At the present time, the Company feels that the warranty liability is insignificant and has therefore not made any provision.

MedicCO$_2$LON is sold exclusively through our distribution partner MEDRAD Inc. Revenue is recognized as goods and orders are satisfied and goods are delivered to our distribution partner. The Company generally offers terms which require payments with 30-45 days from invoicing.

Equity-based compensation

The Company recognizes compensation expense for all equity-based payments. Under fair value recognition provisions, the Company recognizes equity-based compensation net of an estimated forfeiture rate and recognizes compensation cost only for those shares expected to vest over the requisite service period of the award.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the development of assumptions that are input into the model. These assumptions are the expected stock volatility, the risk-free interest rate, the option's expected life and the dividend yield on the underlying stock. Expected volatility is calculated based on the historical volatility of our common stock over the expected option life and other appropriate factors. Risk-free interest rates are calculated based on continuously compounded risk-free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on our common stock and do not intend to pay dividends on our common stock in the foreseeable future. The expected forfeiture rate is estimated based on historical experience.

Determining the appropriate fair value model and calculating the fair value of equity-based payment awards require the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity-based payment awards represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, our equity-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, the equity-based compensation expense could be significantly different from what the Company has recorded in the current period.

Research and development

The Company incurs costs in connection with the development of software products that are intended for sale. Costs incurred prior to technological feasibility being established for the product are expensed as incurred. Technological feasibility is established upon completion of a detail program design or, in its absence, completion of a working model. Thereafter, all software production costs are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized based on current and future revenue for each product with an annual minimum equal to the straight-line amortization over the remaining estimated economic life of the product. Amortization commences when the product is available for general release to customers.

The Company concludes that capitalizing such expenditures on completion of a working model was inappropriate because The Company did not incur any material software production costs and therefore have decided to expense all research and development costs. Our research and development costs are comprised of staff, consultancy and other costs expensed on the Medicsight products.

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, account receivable, accounts payable, and accrued expenses, which are short term in nature. The Company believes the carrying value of these financial instruments reasonably approximates their fair value. The Company also has receivables due from Dunamis (see note 19) that represent a concentration of credit risk.

Investments

Investments in various corporations where our investment is less than 20% of issued share capital are accounted for under the cost method. Investments where the Company holds between 20% and 50% of issued share capital and the Company has significant influence over the investee are accounted for under the equity method. Moneygate is accounted for under the equity method.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. We compare the book value to the market value (market capitalization plus a control premium) for the reporting unit. If the market value exceeds the book value, goodwill is considered not impaired, and thus the second step of the impairment test is not necessary. If the book value exceeds the market value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of the goodwill with the book value of the goodwill. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, an impairment loss would be recognized in an amount equal to the excess. Any loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill is its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

As of March 31, 2009 Medicsight's share price had fallen to a level at which book value exceeded market value. As a consequence, we carried out an impairment review at the end of the first quarter of 2009 and concluded that the goodwill was fully impaired.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method on the various asset classes over their estimated useful lives, which range from two to five years. Leasehold improvements are depreciated over the term of the lease.

Foreign currency translation

The accounts of the Company's foreign subsidiaries are maintained using the local currency as the functional currency. For these subsidiaries, assets and liabilities are translated into US dollars at period-end exchange rates, and income and expense accounts are translated at average monthly exchange rates. Net gains and losses from foreign currency translation are excluded from operating results and are accumulated as a separate component of stockholders' equity.

Gains and losses on foreign currency transactions are reflected in selling, general and administrative expenses in the income statement.

Impairment of long-lived assets and long-lived assets to be disposed of

The Company evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Our assessment for impairment of an asset involves estimating the undiscounted cash flows expected to result from use of the asset and its eventual disposition. An impairment loss recognized is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Calculating the estimated fair value of an asset involves significant judgments and a variety of assumptions. Judgments that the Company makes concerning the value of intangible assets include assessing time and cost involved for development, time to market, and risks of regulatory failure or obsolescence (due to market, environmental or technological advances for example). For calculating fair value based on discounted cash flows, the Company forecasts future operating results and future cash flows, which include long-term forecasts of revenue growth, gross profits and capital expenditures.

Income taxes

The Company applies the elements of FASB ASC 740-10 "*Income Taxes — Overall*" regarding accounting for uncertainty in income taxes. This clarifies the accounting for uncertainty in income taxes recognized in financial statements and requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained by the taxing authority. As of December 31, 2010, the Company did not have any unrecognized tax benefits. The Company does not expect that the amount of unrecognized tax benefits will significantly increase or decrease within the next twelve months. The Company's policy is to recognize interest and penalties related to tax matters in the income tax provision in the Consolidated Statements of Operations. There was no interest and penalties for the year ended December 31, 2010 and 2009. Tax years beginning in 2004 are generally subject to examination by taxing authorities, although net operating losses from all years are subject to examinations and adjustments for at least three years following the year in which the attributes are used.

Deferred taxes are computed based on the tax liability or benefit in future years of the reversal of temporary differences in the recognition of income or deduction of expenses between financial and tax reporting purposes. The net difference, if any, between the provision for taxes and taxes currently payable is reflected in the balance sheet as deferred taxes. Deferred tax assets and/or liabilities, if any, are classified as current and non-current based on the classification of the related asset or liability for financial reporting purposes, or based on the expected reversal date for deferred taxes that are not related to an asset or liability. Valuation allowances are recorded to reduce deferred tax assets to that amount which is more likely than not to be realized.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to the ordinary shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by dividing the net loss attributable to the ordinary shareholders by the sum of the weighted average number of common shares outstanding and the diluted potential ordinary shares.

The computation of diluted loss per share for 2010 and 2009 excludes all options because they are anti-dilutive. For the year ended December 31, 2010 there were 13,703,334 options excluded with a weighted average exercise price of $0.20 per share. For the year ended December 31, 2009 there were 11,503,359 options excluded with a weighted average exercise price of $0.94 per share.

Comprehensive income/(loss)

Comprehensive income/(loss) includes net income/(loss) and items defined as other comprehensive income/(loss). Items defined as other comprehensive income/(loss), such as foreign currency translation adjustments and unrealized gains and losses on certain marketable securities, are separately classified in the consolidated financial statements. Such items are reported in the consolidated statements of stockholders' equity as accumulated comprehensive/(loss).

Segment reporting

The Company reports the results of its operating segments. The Company designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. The Company also discloses information about products and services, geographic areas and major customers. The Company operates in one main operational segment, Medicsight, a medical imaging and device hardware company, with MGT Capital Investments Inc. providing corporate management services.

3. Divestment of investments and discontinued activities

On March 31, 2010 the Company sold its stock in Medicexchange and various non-core investments to an unrelated third party in return for consideration of £750 ($1,136). This consideration was deferred and to be paid in installments through March 2011. In August 30, 2010, at the request of the third party, and in discussion and negotiation with management, it was agreed that the remaining installments would be modified. In accordance with this, as of December 31, 2010 £506 ($766) had been received. The final installment of £244 ($370) was paid on March 29, 2011.

The investments disposed of and the related consideration is as follows:

Asset	Consideration
Medicexchange Limited	$ 927
Medicexchange Inc.	1
Hipcricket, Inc.	205
Eurindia Limited	1
XShares equity	1
XShares convertible notes	1
Total	$ 1,136

Eurindia and the XShares convertible notes and equity investment had been fully impaired so the consideration received represents the gain on sale recorded in the Consolidated Statement of Operations. HipCricket was recorded in the financial statements at $224 meaning a loss on sales of $19 was recorded (see note 5).

Before their disposal, Medicexchange Limited and Medicexchange Inc. were consolidated into the MGT consolidated financial statements. Consideration of $928 was allocated to Medicexchange and MGT recorded a profit on disposal of $149, net of tax. This profit on disposal has been recognized in discontinued operations. The operations of Medicexchange have been presented in discontinued operations up to the date of disposal, March 31, 2010.

Medicexchange's operating results are as follows:

	2010	2009
Revenue	$ 15	$ 48
Operating expenses	(249)	(1,079)
Net loss from operations	(234)	(1,031)

All prior periods were reclassified to conform to the current period presentation of discontinued operations.

4. Cash and cash equivalents

We invest our cash in short-term deposits with major banks. As of December 31, 2010 we held $8,434 of cash and cash equivalents.

Cash and cash equivalents consist of cash and temporary investments with maturities of 90 days or less when purchased.

Concentrations

The Company maintains its cash and cash equivalents at major financial institutions in Europe, United States (USA), United Arab Emirates (UAE) and Australia. Cash held in foreign institutions is not insured by the Federal Deposit Insurance Corporation and amounted to $8,433 as of December 31, 2010 and $22,138 as of December 31, 2009. The Company periodically evaluates the relative credit standing of financial institutions considered in its cash investment strategy.

5. Investments at cost

We account for investments in non-marketable securities under the cost method of accounting where we own less than a 20% interest in each of the companies and we do not have significant influence over the entity. We continually review each investment to assess for other-than-temporary decreases in value.

Eurindia Limited

In 2000 MGT invested in Eurindia Limited ("Eurindia"), a UK company that invested in IT start-up companies. MGT had a 6% holding in Eurindia and accounted for this investment on a cost basis. As of December 31, 2009 this investment had been fully impaired. On March 31, 2010 we disposed of all of our holding in Eurindia for $1 leading to a gain on sale of $1 (see notes 3and 12).

XShares Group

In 2007 and 2008 we invested $3,000 in Series C preferred shares of XShares Group, Inc. ("XShares"), an investment advisor that creates, issues and supports exchange traded funds with a particular healthcare specialty. In the year ended December 31, 2009 the Company also invested $2,000 in XShares convertible notes with a principal of $2,100 (see note 7). As of December 31, 2009 the equity investment and the convertible notes were fully impaired. On March 31, 2010 we disposed of all of our equity holdings in XShares for $1 and the convertible notes for $1, leading to a gain on sale of $2 (see notes 3 and 12).

HipCricket Inc.

In Fiscal 2007 we invested $2,000 in HipCricket Inc., a company engaged in mobile marketing. In the year ended December 31, 2009 HipCricket Inc. was delisted from the AIM Market and we accounted for it as an investment held at cost. In the year ended December 31, 2009, the investment was written down to $224. On March 31, 2010 we disposed of all of our holdings in HipCricket for $205 resulting in a loss on sale of $19 (see notes 3 and 12).

The following table presents the changes in Level 3 instruments for the year ended December 31, 2010.

	January 1, 2010	Sales	Profit / (loss) on sale included in earnings	December 31, 2010	Change in impairment losses relating to instruments still held at December 31, 2010
Eurindia Limited	$ —	(1)	1	$ —	$ —
XShares Group, Inc.	—	(1)	1	—	—
HipCricket Inc.	224	(205)	(19)	—	—
	$ 224	(207)	(17)	$ —	$ —

6. Property and equipment

Property and equipment consist of the following as of December 31:

	2010	2009
Computer hardware and software	$ 769	$ 1,233
Leasehold improvements	224	197
Furniture and fixtures	213	214
	1,206	1,644
Less: Accumulated depreciation	(959)	(1,354)
	$ 247	$ 290

Depreciation of $138 was charged in 2010, compared to $310 charged in 2009. In June 2010 certain fully depreciated computer hardware items were written off. These had cost and accumulated depreciation values of approximately $533. Medicexchange's depreciation expense amounts have been reflected in discontinued operations in the statement of cash flows.

7. Convertible notes

In the second and third quarters of Fiscal 2009 we issued convertible notes with a principal of $2,100 in XShares Group LLC ("XShares") for $2,000. The principal included a fee of $100 payable to us which was recognized in interest and other income in the year ended December 31, 2009. The notes were unsecured and attracted interest at an annualized rate of 10%. In the third and fourth quarter of Fiscal 2009 we amended the notes, extending the conversion date to April 2010.

During Fiscal 2009 XShares had been attempting to raise equity finance. In the fourth quarter of 2009 it became clear that this fundraising was not going to be successful and, as a consequence, the convertible notes and associated accrued interest were fully impaired.

In February 2010 we amended the notes to ensure that on conversion we would receive 50% of XShares' share capital.

On March 31, 2010 we disposed of the convertible notes for $1 resulting in a gain on sale of $1 (see notes 3 and 12).

8. Investment accounted for under the equity method

In Fiscal 2009 we purchased 49% of the share capital of Moneygate Group Limited ("Moneygate"). Moneygate is a related party as we have significant influence over it and have representation on the board of directors (see note 18). On acquisition we provided loan facilities of £250 ($387) for working capital and £2,000 ($3,094) for acquisitions and subsequently entered into various transactions with Moneygate and other non-related parties (see note 19).

As we have significant influence over Moneygate we account for it under the equity method. Since the investment was acquired at a nominal value, also its fair value, and has incurred losses since we made our investment, it is recorded in the consolidated financial statements at a value of $nil at December 31, 2010 and 2009.

9. Goodwill

At December 31, 2008 our goodwill totaled $12,157, which was entirely related to our shareholding in Medicsight plc. We assess the impairment of goodwill of our reporting units annually, or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. This assessment is based upon an analysis of both the market value and discounted anticipated future cash flow of the reporting unit.

The shares of Medicsight plc are traded on the AIM Market of the London Stock Exchange. We consider this to be a Level 1 input in the fair value hierarchy as this is an unadjusted quoted price in an active market.

The estimate of future cash flow is based upon, among other things, certain assumptions about expected future operating performance and an appropriate discount rate determined by our management. Our estimates of discounted cash flows may differ from actual cash flows due to, among other things, timings of regulatory approvals, economic conditions in the healthcare IT market, changes to our business model or changes in operating performance.

In addition, estimates of discounted cash flows would involve assumptions on a business with limited revenue history and developing revenue models, which increase the risk of differences between the projected and actual performance. Significant differences between these estimates and actual cash flows could materially affect our future financial results. We consider these to be Level 3 inputs in the fair value hierarchy, as this is an unobservable input with little or no market activity that require significant management judgment.

In the three months ended March 31, 2009, the market value of Medicsight plc, as traded on the AIM Market of the London Stock Exchange, declined from $53,000 to $13,200. We concluded that this decline in value to be a triggering event with respect to the carrying value of our goodwill and we conducted an impairment test of goodwill as of March 31, 2009. Due to the uncertainties involved in using the unobservable inputs to estimate future cash flows, we used market price, Level 1 inputs, as the primary basis of our impairment review. As a result of this test we determined that the carrying amount of Medicsight plc exceeded its fair value and recorded an impairment loss of $12,157 during the quarter ended March 31, 2009.

10. Accrued expenses

	2010	2009
Professional fees	$ 389	$ 406
Suppliers with deferred payment terms	108	142
Rent, rates and property related	135	115
D4D severance pay	281	—
Other	68	551
Total Accruals	$ 981	$ 1,214

In the fourth quarter of 2010, the severance expenses relate to the service agreement between MGT Capital Investments, Inc. and D4D Limited (see note 18).

11. Stockholders' equity and non-controlling interest

MGT Capital Investments, Inc.

Treasury stock

As of December 31, 2009 the Company held a total of 6,349,793 shares in treasury stock, at an average price of $2.98 per share, for a total of $18,912.

In December 2010 the Company sold a total of 6,500,000 shares to Laddcap Value Partners, LP ("Laddcap") at a price of approximately $0.15 per share, for a total of $1,000. A sum of 6,349,793 treasury shares and 150,207 newly issued shares were used to account for the sale.

Medicsight plc

In March and April 2008 we purchased a total of 1,000,000 shares in Medicsight for £634 ($1,251), bringing our total holding in Medicsight to 86,000,000 (55%) of the 155,524,904 issued share capital of Medicsight. The acquisition of these shares was accounted for under the purchase method of accounting and the excess of the acquisition cost over the associated non-controlling interest of the investment was added to goodwill. On December 31, 2010 Medicsight shares closed at a price of £0.04 ($0.07), valuing MGT's 86,000,000 shares at $5,761.

Non-controlling interest

The Company has non-controlling investors in Medicsight as follows:

	Medicsight	Medicexchange (discontinued operations)	Total
Non-controlling interest at December 31, 2008	$ 15,036	$ 981	$ 16,017
Less non-controlling interest share of net loss	(5,225)	(541)	(5,766)
Non-controlling interest share of stock-based compensation expense	484	13	497
Non-controlling interest share of other comprehensive income	855	(199)	656
Non-controlling interest at December 31, 2009	$ 11,150	$ 254	$ 11,404
Less non-controlling interest share of net loss	(3,336)	(14)	(3,350)
Non-controlling interest share of stock-based compensation expense	349	3	352
Non-controlling interest share of other comprehensive income	(202)	(10)	(212)
Disposal of Medicexchange	-	(233)	(233)
Non-controlling interest at December 31, 2010	$ 7,961	$ -	$ 7,961

On March 31, 2010 the Group disposed of all its investments in Medicexchange.

12. Interest and other income (and expense)

We had the following other income and expense amounts:

	2010	2009
Loss on sale of HipCricket	(19)	—
Gain on sale of XShares convertible note	1	—
Gain on sale of XShares equity	1	—
Gain on sale of Eurindia	1	—
Interest Income	76	658
Foreign exchange gain / (loss)	6	(172)
(Loss) on marketable securities	—	(738)
Impairment of XShares convertible note	—	(2,210)
Impairment of investments held at cost	—	(776)
Total	$ 66	$ (3,238)

In both 2010 and 2009 Medicsight recorded foreign exchange losses and gains respectively. These realized gains/losses were made on translating U.S. dollars into sterling. As the transactions were settled, the gain/loss is recognized in the Consolidated Statement of Operations.

In 2009 Interest Income included bank interest and interest from the XShares convertible notes. These notes and the accrued interest were impaired and the impairment loss is included in interest and other expenses in the chart above.

13. Comprehensive loss

Comprehensive losses for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Net loss as reported	$ (13,001)	$ (32,143)
Other comprehensive (loss)		
Unrealized foreign exchange gain (loss)	(668)	1,066
Comprehensive loss	(13,669)	(31,077)
Comprehensive loss attributable to non-controlling interest	3,562	5,110
Comprehensive loss attributable to MGT Capital Investments, Inc.	$ (10,107)	$ (25,967)

The accumulated balances related to each component of other comprehensive losses were as follows:

	Foreign currency translation	Accumulated other comprehensive loss
Balance at December 31, 2008	$ (4,959)	$ (4,959)
Other comprehensive gain	410	410
Balance at December 31, 2009	(4,549)	(4,549)
Other comprehensive (loss)	(456)	(456)
Balance at December 31, 2010	$ (5,005)	$ (5,005)

14. Stock option plans

We have a number of Stock Option Plans as follows.

MGT Stock Option Plan

On December 5, 2007 the Board of Directors approved the 2007 MGT stock option plan and granted options for 1,975,000 shares under this plan. At December 31, 2010 there were no options outstanding. Options issued under this plan vested in equal one-thirds after employees have been employed for 12, 24 and 36 months from the date of grant.

In the quarter ended December 30, 2010, it was ascertained that shareholder approval was not obtained within the 12 months following the grant of the MGT stock option plan as required by the option plan. Since shareholder approval was never obtained, a grant date was never established. As such, all options issued under this plan are, therefore, void. In recognition, no expense for the current or subsequent periods, have or will be recognized. The Company considered the impact of these findings and considers it immaterial to all prior quarters and year ends.

Medicsight Stock Option Plans

We have thirteen Stock Option Plans in Medicsight. The shares of this company were listed on the AIM Market of the London Stock Exchange on June 21, 2007.

Plan A - on February 26, 2003 we approved stock option plan "A" and in the period ended June 30, 2003 we granted options for 2,971,000 shares under this plan. At December 31, 2010 there were no options outstanding.

Plan B - on August 15, 2005 we approved stock option plan "B" and between July 1, 2003 and March 31, 2005 we granted options for 3,420,500 shares under this plan. At December 31, 2010 there were 150,000 options outstanding, all of which were exercisable.

Plan C - on August 15, 2005 we approved stock option plan "C" and between April 1, 2005 and June 30, 2006 we granted options for 515,000 shares under this plan. Options issued under this plan vest in equal one-thirds after employees have been employed for 12, 24 and 36 months from date of grant. At December 31, 2010 there were 85,000 options outstanding, all of which were exercisable.

Plan D - On July 13, 2006 we approved stock option plan "D" and granted options for 1,375,000 shares under this plan. Options under this plan vest in equal one-thirds after employees have been employed for 12, 24 and 36 months from the date of grant. At December 31, 2010 there were no options outstanding.

Plan E - on February 22, 2007 we approved and granted options for 5,900,000 shares under stock option plan "E". Options under this plan vest in equal one-thirds after employees have been employed for 12, 24 and 36 months. At December 31, 2010 there were 790,000 options outstanding, all of which were exercisable.

Plan F - on May 16, 2007 we approved and subsequently granted options for 350,000 shares under stock option plan "F". Options under this plan vest in equal one-thirds after employees have been employed for 12, 24 and 36 months from the grant date. At December 31, 2010 there were 50,000 options outstanding, all of which were exercisable.

Plan G - on December 18, 2007 we approved and subsequently granted options for 3,025,000 shares under stock option plan "G". Options under this plan vest in equal one-thirds after employees have been employed for 12, 24 and 36 months from the grant date. At December 31, 2010 there were 150,000 options outstanding, all of which were exercisable.

Plan H - on June 2, 2008 we approved and subsequently granted options for 750,000 shares under stock option plan "H". Options under this plan vest in equal one thirds after employees have been employed for 12, 24 and 36 months from the grant date. At December 31, 2010 there were no options outstanding.

Plan I - on December 16, 2008 we approved and subsequently granted options for 1,805,000 shares under stock option plan "I". Options under this plan vest in equal one-thirds after employees have been employed for 12, 24 and 36 months from the grant date. At December 31, 2010 100,000 options were outstanding, of which 66,667 were exercisable.

Plan J — on May 14, 2009 we approved and subsequently granted options for 7,848,750 shares under stock option plan "J". Options under this plan vest in equal one-sixths for each six months that employees have been employed for 6, 12, 18, 24, 30 and 36 months from the grant date. At December 31, 2010 there were 6,603,334 options outstanding, of which 3,319,718 were exercisable.

Plan K — on May 20, 2009 we approved and subsequently granted options for 300,000 shares under stock option plan "K". Options under this plan vested in three tranches in the period to December 31, 2009. At December 31, 2010 there were 300,000 options outstanding, all of which were exercisable.

Plan L — on January 26, 2010 we approved and subsequently granted options for 100,000 shares under stock option plan "L". Options under this plan vest in equal one-sixths after employees have been employed for 6, 12, 18, 24, 30 and 36 months from the grant date. At December 31, 2010 there were 100,000 options outstanding, 16,667 of which were exercisable.

Plan M — on December 13, 2010 we approved and subsequently granted options for 5,375,000 shares under stock option plan "M". Options under this plan vest in equal one-sixths after employees have been employed for 6, 12, 18, 24, 30 and 36 months from the grant date. At December 31, 2010 there were 5,375,000 options outstanding, none of which were exercisable.

The following weighted average assumptions were used to estimate the fair value of stock options granted in the years ended December 31:

	2010	**2009**
Dividend yield	nil	nil
Expected volatility	87.7% - 119.5%	105.0%
Risk-free interest rate	3.84 - 3.96%	3.89%
Expected life of options	5.9 - 6.5 Years	5.0 - 6.3 Years
Weighted average fair value of options granted		
Weighted-average grant-date fair value — Medicsight Plan J	—	£0.24 ($0.38)
Weighted-average grant-date fair value — Medicsight Plan K	—	£0.07 ($0.11)
Weighted-average grant-date fair value — Medicsight Plan L	£0.04 ($0.07)	—
Weighted-average grant-date fair value — Medicsight Plan M	£0.03 ($0.05)	—

The assumptions above are based on multiple factors including United Kingdom treasury bonds for the risk-free rate at the time of grant, expected future exercising patterns (we cannot base the estimate on the historical exercise patterns as no options have been exercised) and the volatility of Medicsight PLC's own stock price.

The assumptions used in the Black-Scholes option valuation model are highly subjective, and can materially affect the resulting valuation.

The following table summarizes stock option activity for the two years ended December 31, 2010 and 2009 under all option plans:

	Outstanding		Exercisable	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Outstanding at January 1, 2009	16,137,500	£0.91 ($1.31)	5,679,166	£0.98 ($1.42)
Granted	8,148,750	£0.09 ($0.13)		
Exercised	—	—		
Forfeited	(12,782,891)	£0.64 ($1.02)		
Outstanding at December 31, 2009	11,503,359	£0.59 ($0.94)	4,605,890	£0.96 ($1.50)
Granted	5,475,000	£0.05 ($0.08)		
Exercised	—	—		
Forfeited	(900,025)	£0.39 ($0.60)		
Voided option plan	(1,975,000)	£2.39 ($3.69)		
Transferred with sale of Medicexchange	(400,000)	£0.63 ($0.97)		
Outstanding at December 31, 2010	13,703,334	£0.13 ($0.20)	4,928,052	£0.24 ($0.37)

The following is a summary of the status of stock options outstanding at December 31, 2010:

	Outstanding Options			Exercisable Options	
	Number	Remaining Contractual Life (years)	Average Exercise Price	Number	Average Exercise price
MGT 2007 Plan	—	—	—	—	—
Medicsight Plan A	—	—	—	—	—
Medicsight Plan B	150,000	3.7	£0.75 ($1.16)	150,000	£0.75 ($1.16)
Medicsight Plan C	85,000	5.1	£0.75 ($1.16)	85,000	£0.75 ($1.16)
Medicsight Plan D	—	—	—	—	—
Medicsight Plan E	790,000	6.1	£0.50 ($0.77)	790,000	£0.50 ($0.77)
Medicsight Plan F	50,000	6.4	£0.75 ($1.16)	50,000	£0.75 ($1.16)
Medicsight Plan G	150,000	7.0	£1.10 ($1.70)	150,000	£1.10 ($1.70)
Medicsight Plan H	—	—	—	—	—
Medicsight Plan I	100,000	8.0	£0.24 ($0.37)	66,667	£0.24 ($0.37)
Medicsight Plan J	6,603,334	8.4	£0.09 ($0.14)	3,319,718	£0.09 ($0.14)
Medicsight Plan K	300,000	8.4	£0.10 ($0.15)	300,000	£0.10 ($0.15)
Medicsight Plan L	100,000	9.0	£0.09 ($0.14)	16,667	£0.09 ($0.14)
Medicsight Plan M	5,375,000	10.0	£0.05 ($0.08)	—	£0.05 ($0.08)

On May 14, 2009 we approved Medicsight Plan J. Employees who were employed on May 14, 2009 were given the opportunity to forfeit all their existing options in Plans A through I and, in their place, receive in Plan J 50% of the number of forfeited options. We account for this as a modification of the existing options, specifically a cancel and reissue. Of the options issued in Plan J 3,032,500 were issued as new options and 4,816,250 were issued as replacements for options cancelled in existing plans. Forty-three employees took this opportunity and received options in Plan J. The modification charge relating to Plan J was not material.

On November 30, 2010, Mr. David Sumner, Chairman of Medicsight PLC, resigned from his position within the group. Immediately after his resignation, a two year consultancy agreement was signed whereby Mr. Sumner would continue to assist the group in its commercial needs. As part of this agreement, Mr. Sumner was to continue to vest his existing Medicsight Plan J options throughout the consultancy period. A modification of the 2,000,000 existing options has been accounted for, and is not considered to be material to the overall financial statements.

The Company has recorded the following amounts related to its share-based compensation expense in the accompanying Consolidated Statements of Operations:

	2010	2009
Selling, general and administrative	$ 729	$ 1,855
Research and development	55	95
Discontinued operations	11	49
Total	$ 795	$ 1,999

Of the $795 stock based expense for the year, $352 was allocated to non-controlling interest

The aggregate intrinsic value for options outstanding and exercisable at December 31, 2010 and 2009 was $nil .

The weighted average grant date fair value of options was $0.05 and $0.38 for options granted during the years ended December 31, 2010 and 2009 respectively.

A summary of non-vested options at December 31, 2010 and the change during the years ended December 31, 2010 and 2009 is presented below:

	Options	Weighted Average Grant Date Fair Value	
Nonvested options at January 1, 2009	10,458,334	£ 0.35	($0.56)
Granted	8,148,750	£ 0.24	($0.38)
Vested	(4,432,527)	£ 0.35	($0.56)
Forfeited	(7,277,088)	£ 0.30	($0.48)
Nonvested options at December 31, 2009	6,897,469	£ 0.31	($0.49)
Granted	5,475,000	£ 0.03	($0.05)
Vested	(2,637,618)	£ 0.23	($0.35)
Forfeited	(959,569)	£ 0.82	($1.26)
Nonvested options at December 31, 2010	8,775,282	£ 0.10	($0.16)

As of December 31, 2010 there was $1,084 of total unrecognized compensation cost related to non-vested share-based compensation arrangement granted under the option plans. That cost is expected to be recognized over a weighted average period of 2.4 years.

15. Income taxes

There was an income tax benefit of $336 recorded in the year ended December 31, 2010.

Significant components of deferred tax assets were as follows as of December 31:

Deferred Tax Assets	2010	2009
Tax loss carry-forward	$ 20,293	$ 23,074
Fixed asset depreciation methods and other	3,295	5,434
Total	23,588	28,508
Valuation Allowance	(23,588)	(28,508)
Net deferred tax asset	$ —	$ —

The Company has net operating loss carry-forwards for United States tax purposes to offset future taxable income of approximately $10,300 expiring through 2030. As it is not more likely than not that the resulting deferred tax benefits will be realized, a full valuation allowance has been recognized for such deferred tax assets. The utilization of net operating loss carry forwards may be significantly limited under the Internal Revenue Code as a result of ownership changes due to the Company's stock and other equity offerings.

Under United Kingdom taxation, Medicsight has $62,487 (£40,497) of net operating loss carry-forwards to offset future taxable income. As it is not more likely than not that the resulting deferred tax benefits will be realized, a full valuation allowance has been recognized for such deferred tax assets.

The provision for income tax differs from the amount computed by applying the statutory federal income tax rate to income before the provision for income taxes. The sources and tax effects of the differences are as follows for the year ended December 31:

	2010	2009
Income taxes at the federal statutory rates	(35)%	(35)%
Foreign rate differential	6	3
Change in valuation allowance	26	32
Effective rate of income tax	(3)%	0%

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2004.

16. Operating leases, commitments and security deposit

On August 25, 2006 we executed a 10-year agreement with Pirbright Holdings Limited, to lease 8,787 square feet of office space at the Kensington Centre, 66 Hammersmith Road, London W14 8UD, United Kingdom. Under this lease agreement our UK property rent, services and related costs are approximately £330 ($511) per annum, paid quarterly in advance. The Company has exercised its right to terminate the lease upon completion of the fifth year and is currently reviewing alternative properties and as such minimum rental payments subsequent to this date have not been included in the schedule below. Our annual rent is subject to upward only review on August 24, 2011.

We have two 10-month rent-free periods: the first commencing August 25, 2006; the second commencing August 25, 2011. We have accounted for this lease as an operating lease and have accounted for the lease rental expenses on a straight-line basis over the period of the lease. The difference between the amount paid and straight lining of rent over the period of the lease is not material.

We also have a satellite office in Tokyo, Japan, with a two-year rental agreement that began in March 2010.

The following is a schedule of the future minimum rental payments required under operating leases that have initial or remaining non-cancellable terms in excess of one year:

Year Ending	
2011	$ 325
2012	27
2013	—
Total	$ 352

The total lease rental expense was $511 and $642 for the years ended December 31, 2010 and 2009 respectively.

Other commitments

In July 2008 we entered into an agreement with a partner to develop interfaces for our software. We have committed to pay Euros 1,445 ($1,915) over an expected thirty-six month period with the option to terminate the agreement with six months written notice. At December 31, 2010 we have paid Euros 845 ($1,119). These payments will be recovered against future royalty payments, should the products be successfully commercialized. These payments have been expensed to the income statement and classified as research and development.

17. Segment reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group in deciding how to allocate resources and in assessing performance. Our chief operating decision making group is composed of the chief executive officer and members of senior management. We operate in one main operational segment, Medicsight, a medical imaging and device company, with MGT Capital Investments, Inc. providing corporate management services. The Company's reportable operating segments are Medicsight, Corporate and Other (MGT Capital Investments, Inc.).

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate performance of our operating segments based on revenue and operating (loss). Segments information for 2010 and 2009 are as follows (in thousands):

	Medicsight	Corporate and other	Total
2010			
Revenue from external customers	$ 540	$ —	$ 540
Cost of revenue	(116)	—	(116)
Gross margin	424	—	424
Operating expenses	8,285	3,472	11,757
Operating loss	(7,861)	(3,472)	(11,333)
Depreciation	71	67	138
Stock-based compensation	784	—	784
Assets	10,995	481	11,476
Expenditure for property plant and equipment	82	14	96
2009			
Revenue from external customers	$ 180	$ —	$ 180
Cost of revenue	—	—	—
Gross margin	180	—	180
Operating expenses (includes goodwill impairment in corporate and other)	12,592	15,462	28,054
Operating loss	(12,412)	(15,462)	(27,874)
Depreciation	205	105	310
Stock-based compensation	1,082	868	1,950
Assets (1)	17,713	6,564	24,277
Expenditure for property plant and equipment	14	2	16

(1) Included in the Assets of Corporate and other for 2009 are the assets relating to discontinued operations (Medicexchange) of $1,097.

The Company's main operations and fixed assets are in the UK.

GAAP reconciliation of the Medicsight segment

Medicsight listed on the AIM Market of the London Stock Exchange on June 21, 2007. AIM listing rules require Medicsight to publish results under International Financial Reporting Standards ("IFRS") in UK Sterling ("GBP").

The following is reconciliation between Medicsight published financial statements and the US GAAP consolidated results (in thousands):

	Medicsight plc (IFRS)	Medicsight plc GAAP Adjustments	Medicsight plc (US GAAP)	Medicexchange Discontinued Operations (US GAAP)	Corporate and Other (US GAAP)	Total (US GAAP)
Twelve months ended December 31, 2010						
Net revenue from external customers	540	—	540	—	—	540
Operating loss	(7,372)	(489)	(7,861)	—	(3,472)	(11,333)
Assets	10,995	—	10,995	—	481	11,476
Twelve months ended December 31, 2009						
Net revenue from external customers	180	—	180	—	—	180
Operating loss	(12,260)	(152)	(12,412)	—	(15,462)	(27,874)
Assets	17,713	—	17,713	1,097	5,467	24,277

The principal GAAP adjustments are the accounting for stock options and cumulative translation adjustments.

18. Related Party Transactions

Accsys Technologies

Tim Paterson-Brown, our former Chairman and Chief Executive Officer, was a non-executive director of Accsys Technologies plc, but resigned from this position on April 6, 2010. Accsys Technologies plc has a subsidiary company Titan Wood Limited, which rents space in 66 Hammersmith Road. During the year ended December 31, 2010 and 2009 respectively, £126 ($195) and £108 ($168) of office related costs were recharged to Titan Wood Limited. At December 31, 2010 there was a balance receivable from Titan Wood Limited of £29 ($45) of which £nil ($nil) remains unpaid as of April 12, 2011. This is payable within 30 days under the terms of the invoice.

Moneygate Group

In Fiscal 2009 we purchased 49% of the share capital of Moneygate Group Limited ("Moneygate"). On acquisition we provided loan facilities of £250 ($387) for working capital and £2,000 ($3,094) for acquisitions and subsequently entered into various transactions with Moneygate and other non-related parties (see note 19).

At December 31, 2010, Moneygate is a related party. It was considered that the Company had significant influence over its operations and had representation on the board of directors. Due to this significant influence, we account for it under the equity method (see note 8). Since the investment was acquired at a nominal value, also its fair value, and has incurred losses since we made our investment, it is recorded in the consolidated financial statements at a value of $nil at December 31, 2010 and 2009.

On January 31, 2011, we entered into a Sale and Purchase Agreement with Committed. Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) 9,607,843(representing all shares held by the company) shares of Moneygate Group Limited ("Moneygate") for total consideration of £0.096 ($0.154); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387). The Purchase Agreement was conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, and the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011 (see note 19).

Dunamis Capital

Allan Rowley, former Chief Executive Officer and former Chief Financial Officer of MGT Capital Investments, Inc. and current Chief Executive Officer of Medicsight, along with David Sumner, former Chairman of Medicsight, are both directors of Dunamis Capital ("Dunamis") (www.dunamis-capital.com). Dunamis is a United Arab Emirates (UAE) registered company regulated by the Dubai Financial Services Authority (DFSA). Dunamis is 100% owned by David Sumner and was set up, by David with Allan Rowley's financial consulting assistance, as a corporate financing and advisory firm. On September 6, 2010 Medicsight made a short-term loan of $1,100 (£711) to Dunamis (see note 19).

In February 2011 the Company, following consultation with its nominated advisor noted that as a result of Mr Sumner's relationships with both Dunamis and Medicsight, the Loan constituted a related party transaction under Rule 13 of the London Stock Exchange AIM Market ("AIM") Rules for Companies. Rule 13 requires that an AIM company must issue notification without delay as soon as the terms of a transaction with a related party are agreed. The independent directors, having consulted with the Company's nominated adviser, consider that the terms of the transaction were fair and reasonable insofar as shareholders were concerned. On February 18, 2011 the Company issued a notice detailing the terms of the transaction with the related party. Furthermore, the Board is currently undertaking a full review of the Company's internal procedures in consultation with the Company's nominated adviser. The Company is also considering setting up an AIM compliance committee to ensure that the Company is acting in accordance with AIM Rules.

D4D Limited

Effective July 29, 2010, the Company entered into a service agreement with D4D Limited ("D4D"), a company that offers Executive Services for small and mid-cap companies. D4D is owned by Tim Paterson-Brown and Allan Rowley, and pursuant to the agreement, provided the services of Chairman, Chief Executive Officer and Chief Financial Officer to the Company. The D4D service agreement provided the services of Tim Paterson-Brown and Allan Rowley on similar remuneration to their previous employment contracts with MGT.

On executing the contract with D4D on July 29, 2010, Tim Paterson-Brown and Allan Rowley terminated their employment contracts with MGT Capital Investments, Inc., but still held the offices of Chairman and Chief Executive Officer and Chief Financial Officer, respectively.

On December 13, 2010 Tim Paterson-Brown resigned as Chairman and Chief Executive Officer of MGT Capital Investments Inc. Effective December 13, 2010 and following the resignation of David Sumner on November 23, 2010, Tim Paterson-Brown became Chairman of Medicsight, the Company's significant subsidiary. As such, an agreement between Medicsight and D4D was entered into for the provision of the services of an Executive Chairman. On February 18, 2011, Tim Paterson-Brown subsequently resigned as Chairman of Medicsight and was entitled to receive, and has been paid in the year ended December 31, 2011, a severance amount of $223 (£144).

On December 13, 2010 Allan Rowley resigned as Chief Financial Officer and took up office of Chief Executive Officer for MGT. Subsequently, Mr. Rowley resigned on February 7, 2011, to focus on the operations of Medicsight and currently holds the position of Chief Executive Officer of Medicsight.

On April 12, 2011, the agreement with D4D was renegotiated and a settlement agreement between MGT Capital Investments Inc. and D4D, Tim Paterson-Brown and Allan Rowley was executed and delivered. Under the settlement agreement, the following payments and assignments have been agreed to be made by the Company to D4D: £110 ($170) settlement fee, £80 ($124) recoverable local taxes, £17 ($25) estimated legal expense and the assignment of 1,250,000 shares of MDST common stock held by the Company to D4D valued at $84 at December 31, 2010. The parties, upon the terms and subject to the conditions of the settlement agreement and to the extent permitted by law, settled all claims arising out of the D4D Agreement and the respective directorships and employment arrangements with the Company and certain of its affiliates. The Company has accrued the outstanding severance amount of $281 (see note 10).

During the year ended December 31, 2010, MGT and Medicsight made payments to D4D totaling $511 and $31 respectively

Asia IT Capital Investments Ltd

A director of Asia IT is a brother of Tim Paterson-Brown (our former Chairman and former Chief Executive Officer). In addition to the loan facilities made available by Asia IT to the Company and Medicsight plc, Asia IT received commissions on shares issuances and transactions in Fiscal 2007, 2006 and 2005.

During the year ended December 31, 2009 the Company placed monies on deposit with Asia IT. These monies earned interest at an annual rate of 3%. The funds were on call at any time. At December 31, 2009 the balance of monies on deposit with Asia IT was $992 which included $32 of interest income earned in the year ended December 31, 2009. No such amounts were on deposit with Asia IT as of December 31, 2010.

MGT has made various investments in XShares Group LLC ("XShares"); MGT was introduced to XShares by Asia IT. In December 31, 2007 the Company invested $960 in XShares. During the year ended December 31, 2008 the Company acquired shares valued at $2,040 in XShares and the combined investment was impaired to $600. During the year ended December 31, 2009 the Company invested $2,000 in convertible notes with a principal of $2,100 in XShares Group LLC. These notes and the investment were fully impaired in the year ended December 31, 2009. For part of the year ended December 31, 2009 Tim Paterson-Brown was a director of XShares. In Fiscal 2009 the equity investment, convertible notes and accrued interest were fully impaired. The investment in XShares was subsequently sold in March 2010 (see note 3).

In the year ended December 31, 2007 the Company invested $2,000 in HipCricket Inc. MGT was introduced to HipCricket Inc. by Asia IT Limited and a brother of Tim Paterson-Brown is a non-executive director of HipCricket Inc. In Fiscal 2008 and 2009 the investment in HipCricket was impaired with a new carrying value of $224. The investment in HipCricket was subsequently sold in March 2010 (see note 3).

19. Loans receivable — related party

Moneygate

In Fiscal 2009 we purchased 49% of the share capital of Moneygate Group Limited ("Moneygate"), a UK based firm of Independent Financial Advisors. On acquisition we provided loan facilities of £250 ($398) for working capital and £2,000 ($3,186) for acquisitions. In the year ended December 31, 2009, the Company advanced a£250 ($398) working capital facility and £100 ($159) as part of a £2,000 ($3,186) acquisition facility to Moneygate, which was all outstanding at the year end. In the year ended December 31, 2010 we allowed a portion of the acquisition facility to be used for working capital as acquisitions had been delayed and Moneygate still required cash to fund its operations.

On August 3, 2010, Moneygate agreed to convert all monies advanced to July 31, 2010 £1,247 ($1,929), and future monies up to £2,000 ($3,094) in total in to convertible loan notes. At this time, it was agreed that no further interest would be charged on the loan for acquisitions.

Also on August 3, 2010 MGT Capital Investments Limited ("MGT Ltd"), a company incorporated in England and Wales, and a wholly owned subsidiary of MGT Capital Investments, Inc., entered into an agreement with an unrelated third party for the sale of its Moneygate convertible loan note of £2,000 ($3,094). Under the terms of the above agreement MGT Ltd further advanced working capital funding. At November 18, 2010, MGT had advanced £1,025 ($1,586) for working capital and £460 ($712) for acquisitions. The additional funds were to be offset against the staged payments of the £2,000 ($3,094) loan note sale.

On November 18, 2010 the previously executed agreement to sell the Moneygate convertible loan notes of up to £2,000 ($3,094) to a third party was terminated. Following deeds of release between MGT Ltd and Moneygate; and MGT Ltd and the third party; MGT Ltd extended a loan agreement to Moneygate to fix its amount repayable at £1,485 ($2,298). This loan agreement was repayable on or before 2 years after the effective date. The loan accrued 5% interest per annum was secured by a debenture over the assets of Moneygate. No further monies were advanced to Moneygate.

Prior to commencing negotiations with Committed Capital Nominees Limited ("Committed") the Company engaged an outside valuation firm to perform a valuation on the Company's investment and loan note receivable from Moneygate. This report concluded that on the scenario of Moneygate being unsuccessful in raising adequate finance then the value of the Company's loan note receivable from Moneygate was £199 ($308). In the third quarter we impaired the carrying value of the loan notes receivable to the amount of the valuation and recorded a related impairment charge of £1,286 ($1,985).

On January 31, 2011, we entered into a Sale and Purchase Agreement with Committed. Pursuant to the Purchase Agreement, Committed has agreed to purchase from the Company and the Company has agreed to sell to Committed (i) all 9,607,843 shares of Moneygate which MGT owned, for consideration of £0.1 ($0.1); and (ii) to novate the benefit of a Facility Agreement dated November 18, 2010, between the Company and Moneygate, for consideration of £250 ($387). The Purchase Agreement is conditional upon the UK Financial Services Authority having given its written consent to the change of control of Moneygate. The change of control was approved on March 10, 2011, the £50 ($79) held in escrow was received by the Company on March 22, 2011. The remaining consideration of £200 ($308) was received by the Company on March 29, 2011.

At December 31, 2010, Moneygate is a related party. It was considered that the Company had significant influence over its operations and had representation on the board of directors (see note 18).

Dunamis

On September 6, 2010 Medicsight made a short-term loan of $1,100 (£711) to Dunamis repayable by December 31, 2010, along with $36 (£23) of interest. Dunamis paid back the principal of $1,100 (£711) and interest of $48 (£31) on February 6, 2011 and February 10, 2011 respectively. The funds were lent to Dunamis in order to achieve a higher rate of interest than we would have on deposit with a financial institution and also to demonstrate Medicsight's financial ability to co-invest with a joint venture in the region using one of its UAE subsidiaries. Dunamis had provided the assets of the business as collateral against the loan made by Medicsight. Dunamis is a related party as two directors of Medicsight are also directors of Dunamis Capital (see note 18).

20. Subsequent Events

Line of Credit Facility

On April 12, 2011 the Company entered into a Revolving Line of Credit and Security Agreement with Laddcap Value Partners, LP ("Laddcap") for up to $500 for a fifteen month term. The Agreement encompasses a standby commitment fee of two (2%) percent of the maximum loan amount along with an eight (8%) percent interest charge on any funds drawn. Laddcap is a related party as the Managing Partner and beneficial owner of LaddCap is a shareholder and Interim CEO of MGT.

Issuance of Restricted Shares

At the March 7, 2011 board meeting, the members of the Compensation and Nominations Committee approved a grant of 100,000 restricted shares of MGT common stock to the independent directors of the board, vesting one-third each six months from date of issue. The unvested shares are subject to forfeiture if the applicable director is not a director of the Company at the time the restricted shares are to vest.

Schedule II

MGT Capital Investments, Inc.

Valuation and Qualifying Accounts

Deferred Tax Valuation Allowance	Balance at Beginning of year	Additions	Write-offs	Balance at end of year
2009	21,771	6,737	—	28,508
2010	28,508	3,231	8,151	23,588

The deferred tax valuation allowance applies to both operating loss carry-forwards and capital losses incurred by the Company and other temporary timing differences.

AGREEMENT FOR THE PURCHASE OF ASSETS

between

MGT CAPITAL INVESTMENTS, INC

and

MGT INVESTMENTS LIMITED

and

RIVERA CAPITAL MANAGEMENT LIMITED

AGREEMENT FOR THE PURCHASE OF ASSETS

THIS AGREEMENT, is made this 31st day of March, 2010 ("The Effective Date"), by and between MGT Capital Investments, Inc ("MGTCI") a company incorporated in the state of Delaware, USA and MGT Investments Limited ("MGTI"), a company incorporated in Gibraltar, collectively known as ("Sellers") and Rivera Capital Investments Limited, of 19 Main Street, PO BOX 3099, Road Town, Tortola, British Virgin Islands ("Buyer"), together "the Parties", for the purpose of setting forth the terms and conditions upon which the Sellers sell to the Buyer certain assets as are defined below (the "Assets").

Background

(i) MGT Investments Limited is a wholly owned subsidiary of the MGT Capital Investments, Inc.

In consideration of the mutual promises, covenants and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **SCHEDULE AND SALE OF ASSETS**

1.1. The following securities collectively make up the Assets:

1.1.1. Medicexchange Limited (MDX Ltd). Subject to the terms and conditions of this Agreement, MGTCI agrees to sell, and Buyer agrees to purchase, 22,500,000 (twenty two million five hundred thousand) ordinary shares of Medicexchange Limited (the "MDX Ltd Stock"). Representing 73.l% of the total issued share capital of MDX Limited and MGTCI's entire holding in MDX Ltd.

1.1.2. Medicexchange, Inc (MDX Inc). Subject to the terms and conditions of this Agreement, MGTCI agrees to sell, and Buyer agrees to purchase, 1,350 (one thousand three hundred and fifty) ordinary shares of Medicexchange, Inc (the "MDX Inc Stock"). Representing 90% of the total issued share capital of Medicexchange, Inc and MGTCI's entire holding in MDX lnc.

1.1.3. HIP Cricket, Inc (HIP). Subject to the terms and conditions of this Agreement, MGTI agrees to sell, and Buyer agrees to purchase, 370,037 (three hundred and seventy thousand and thirty seven) ordinary shares of HIP Cricket, Inc (the "HIP Stock"). Representing approximately l.3% of total issued share capital and the Company's entire holding in Hip Cricket Inc.

1.1.4. Eurindia Limited (Eurindia). Subject to the terms and conditions of this Agreement, MGTCI agrees to sell, and Buyer agrees to purchase, 588,236 (five hundred and eighty eight thousand two hundred and thirty six) ordinary shares of Eurindia Limited (the "Eurindia Stock"). Representing approximately 6% of total issued share capital and the Company's entire holding in Eurindia Limited.

1.1.5. XShares Group Inc (XSG). Subject to the terms and conditions of this Agreement, MGTI agrees to sell, and Buyer agrees to purchase, 10,000,000 (ten million) series A preferred shares of XShares Group Inc (the "XSG Stock"). Representing approximately 6% of total issued share capital and the Company's entire holding in XShares Group Inc.

AND Subject to the terms and conditions of this Agreement, MGTCI agrees to sell, and Buyer agrees to purchase, the two second amended convertible promissory notes, dated February 5, 2010, with the principal amount of US $2.1 Million plus accrued interest of US $110,098 (the "XSG Notes").

1.2. Consideration. The Assets will be purchased from the Sellers for a total consideration of £750,000 (seven hundred and fifty thousand ponds sterling) (the "Purchase Price"), based on valuation agreed between both parties, scheduled in Addendum A.

1.3. Payment. On signing this Agreement, Buyer will pay to MGTCI the Purchase Price as set out in paragraph 1.2 (above) and in accordance to the payment schedule in Addendum B.

2. **REPRESENTATION AND WARRANTIES OF SELLERS**

2.1. The Sellers warrant and represent to the Buyer that each of the warranties set out in this sub-clauses 2.1.1 to 2.1.6 ("Warranties") are true and accurate in all material respects as at the Effective Date

2.1.1. Corporate Authority. Sellers have the right to enter into this Agreement, as corporations duly organized, validly existing, and in good standing under the laws of their respective jurisdictions and have the power and authority, corporate and otherwise, to execute and deliver this Agreement and to perform its obligations hereunder, and have by all necessary corporate action duly and validly authorized the execution and delivery of this Agreement and the performance of its obligations hereunder.

2.1.2. Seller has good clean and clear title to the Assets and the shares comprised in the Assets are fully paid. The Assets are freely transferable and not subject to any lien or call or other security.

2.1.3. No Conflicts. The execution, delivery and performance by Sellers of this Agreement and each other agreement, document, or instrument now or hereafter executed and delivered pursuant thereto or in connection herewith will not:

2.1.4. Conflict with or violate the articles of incorporation or by-laws of Sellers or any provision of any law, rule, regulation, authorization or judgment of any governmental authority having applicability to Sellers or its actions, as set by their respective legal jurisdictions;

2.1.5. Conflict with or result in any breach of, or constitute a default under, any note, security agreement, commitment, contract or other agreement, instrument or undertaking to which Sellers are a party or by which any of its property is bound;

2.1.6. Simultaneous to entering into this Agreement, MGTC has assigned certain intercompany loans owed to it (together the "Loans") to the Buyer, namely:

2.1.6.1. An intercompany loan between MGTCI (as lender) and MDX Ltd (as borrower), totalling £2,406,408.18 sterling; and

2.1.6.2. An intercompany loan between MGTCI (as lender) and MDX Inc (as borrower), totalling US$559,772.85.

3. **LIMITATIONS ON CLAIMS**

3.1. The liability of the Seller for all Claims when taken together shall not exceed the Purchase Price. For the purposes of this Agreement, "Claim" means a claim for breach of any of the Warranties

4. **WARRANTIES OF BUYER**

4.1. Authority. Buyer has the right to enter this Agreement, has the power and authority, to execute and deliver this Agreement and to perform its obligations hereunder.

4.2. No Conflicts. The execution, delivery and performance by Buyer of this Agreement and each other agreement, document, or instrument now or hereafter executed and delivered pursuant thereto or in connection herewith will not:

4.2.1. Conflict with or violate any provision of any law, rule, regulation, authorization or judgment of any governmental authority having applicability to Buyer or its actions; or

4.2.2. Conflict with or result in any breach of, or constitute a default under, any note, security agreement, commitment, contract or other agreement, instrument or undertaking to which Buyer is a party or by which any of its property is bound.

5. **CLOSING COVENANTS**

5.1. The Closing of this transaction will occur upon the signing of the Agreement.

6. **POST CLOSING COVENANTS**

6.1. The following documents and/or consideration described below are to be delivered by both Parties within 30 days from the Effective Date:

6.2. By Sellers:

6.2.1. Resolutions from the board of MGTCI confirming their approval to the sale of Assets in accordance with clause 2.1.1

6.2.2. Certificates for the MDX Ltd Stock, MDX Inc Stock, HIP Stock, Eurindia Stock and XSG Stock issued in the Buyer's name; or stock transfer forms duly endorsed with the signature of the relevant Sellers for the said shares to be issued to the Buyer.

6.2.3. A Board of Directors resolution of Medicexchange Limited and Medicexchange, Inc accepting the resignation of MGT Capital Investments Limited as a Director of both companies as at the Effective Date and filed with the relevant authorities, if applicable.

6.2.4. Delivery of statutory and company secretarial documentation for MDX Ltd and MDX Inc.

7. **MISCELLANEOUS**

7.1. Captions and Headings. The Article and paragraph headings throughout this Agreement are for convenience and reference only, and shall in no way be deemed to define, limit, or add to the meaning of any provision of this Agreement.

7.2. No Oral Change. This Agreement and any provision hereof, may not be waived, changed, modified, or discharged orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

7.3. Nonwaiver. Except as otherwise expressly provided herein, no waiver of any covenant, condition, or provision of this Agreement shall be deemed to have been made unless expressly in writing and signed by the party against whom such waiver is charged; and

7.3.1. The failure of any party to insist in any one or more cases upon the performance of any of the provisions, covenants or conditions of this Agreement or to exercise any option herein contained shall not be construed as a waiver or relinquishment for the future of any such provisions, covenants, or conditions;

7.3.2. The acceptance of performance of anything required by this Agreement to be performed with knowledge of the breach or failure of a covenant, condition, or provision hereof shall not be deemed a waiver of such breach or failure, and no waiver by any party of one breach by another party shall be construed as a waiver with respect to any other or subsequent breach.

7.4. Time of Essence. Time is of the essence for each and every provision hereof.

7.5. Entire Agreement. This Agreement contains the entire Agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings.

7.6. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.7. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if prepaid, and properly addressed to the parties to this Agreement at the addresses set out in this Agreement.

7.8. Binding Effect. This Agreement shall inure to and be binding upon the heirs, executors, personal representatives, successors and assigns of each of the parties to this Agreement.

7.9. Effect of Closing. All representations, warranties, covenants, and agreements of the parties contained in this Agreement, or in any instrument, certificate, opinion, or other writing provided for in it shall be true and correct as of the closing and shall survive the closing of this Agreement.

7.10. Mutual Cooperation. The parties hereto shall cooperate with each other to achieve the purpose of this Agreement, and shall execute such other and further documents and take such other and further actions as may be necessary or convenient to effect the transaction described herein.

8. Governing Law. - This agreement shall be governed and construed in accordance to English law and the parties hereto submit to the exclusive jurisdiction of the English courts in connection with any dispute related to or connected with this Agreement.

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AGREED AND ACCEPTED as of the date first above written.

Signed for and on behalf of **MGT CAPITAL INVESTMENTS, INC (MGTCI).**

/s/ TIM PATERSON-BROWN

TIM PATERSON-BROWN, CHAIRMAN & CHIEF EXECUTIVE OFFICER

Witnessed:

Signed for and on behalf of **MGT INVESTMENTS LIMITED (MGTI).**

/s/ TIM PATERSON-BROWN

TIM PATERSON-BROWN, DIRECTOR

Witnessed:

Signed for and on behalf of **RIVERA CAPITAL INVESTMENTS LIMITED (Buyer).**

/s/ MR MATTHEW STOKES

MR MATTHEW STOKES

Witnessed:

ADDENDUM A
AGREED VALUATIONS

Asset	Amount (£,)	Amount ($)*
Medicexchange Limited	£ 500	$ 757.50
Medicexchange Inc	£ 500	$ 757.50
Hipcricket, inc	£ 135,516	$ 205,306
Eurindia Limited	£ 500	$ 757.50
XShares (equity)	£ 500	$ 757.50
XShares (debt)	£ 612,484	$ 927,913
TOTAL	£ 750,000	$ 1,136,250

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AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT

This Amended and Restated Securities Purchase Agreement (this "Agreement") is dated as of December 9, 2010, by and between MGT Capital Investments, Inc., a Delaware corporation (the "Company"), and Laddcap Value Partners, LP, a Delaware limited partnership company, or an Affiliate (defined below) thereof (collectively, the "Purchaser"), and amends and restates in its entirety the Securities Purchase Agreement (the "Original Agreement"), dated as of November 16, 2010, by and between the Company and the Purchaser.

WHEREAS, the Company and the Purchaser entered into the Original Agreement on November 16, 2010, and subsequently agreed to amend and restate such agreement with this Agreement, and the parties desire that this Agreement supersede the Original Agreement in all respects;

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Company desires to issue and sell to the Purchaser, and the Purchaser desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchaser agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Action" shall have the meaning ascribed to such term in Section 3.1(k).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

"Closing Date" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities, in each case, have been satisfied or waived, but in no event later than the Drop-Dead Date (defined below).

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Disclosure Schedules" means the Disclosure Schedules of the Company delivered concurrently herewith.

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(s).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(cc).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(p).

"Liens" means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Permits" shall have the meaning ascribed to such term in Section 3.1(n).

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened in writing.

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.6.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the Closing Date, by and between the Company and the Purchaser, in the form attached hereto as Exhibit B.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(h).

"Securities" means the Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shares" shall have the meaning ascribed to such term in Section 2.1.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"Subscription Amount" means One Million dollars ($1,000,000.00), in United States dollars and in immediately available funds.

"Subsidiary" means any subsidiary of the Company with respect to which the Company owns in excess of 50% of any class of such subsidiary's outstanding securities, and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date of the Original Agreement, which in each case will be owned by the Company at the Closing.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the OTC Bulletin Board, the OTC QB, the OTC QX, NYSE AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Registration Rights Agreement and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means Standard Registrar & Transfer, and any successor transfer agent of the Company.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and the Purchaser agrees to purchase, Six Million Five Hundred Thousand (6,500,000) shares of Common Stock of the Company (the "Shares") for the Subscription Amount. The Purchaser shall deliver to the Company, via wire transfer of immediately available funds, an amount equal to the Subscription Amount and the Company shall deliver to the Purchaser the Shares, and the Company and the Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of Seward & Kissel LLP, One Battery Park Plaza, New York, NY 10004, or such other location (including remotely by exchange of electronic or .pdf documents) as the parties shall mutually agree.

Section 2.2 Deliveries.

(a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to the Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) a legal opinion of Company Counsel, substantially in the form of Exhibit A attached hereto;

(iii) the Registration Rights Agreement, duly executed as of the Closing Date by the Company;

(iv) a certificate evidencing the Shares, which certificate shall be registered in the name of the Purchaser and shall bear the legend referenced in Section 4.10(b) of this Agreement;

(v) a copy of irrevocable instructions to the Company's transfer agent instructing the transfer agent to deliver the Shares, registered in the name of the Purchaser;

(vi) a letter of resignation from Tim Paterson-Brown (with respect to his position as a member of a Board of Directors) effective as of on or before the Closing;

(vii) a certificate duly executed by an executive officer of the Company, dated as of the Closing Date, certifying as to the matters set forth in Sections 2.3(b)(i) – (viii).

(b) On or prior to the Closing Date, the Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser; and

(ii) the Purchaser's Subscription Amount by wire transfer to the account as specified in writing by the Company.

Section 2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of the representations and warranties of the Purchaser contained herein (except for the representations and warranties that speak as of a specific date, which shall be made as of such date);

(ii) all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the receipt by the Company of a favorable opinion from Broadmark Capital that the transactions contemplated hereby are in the best interests of the shareholders of the Company;

(iv) the delivery by the Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The obligation of the Purchaser hereunder in connection with the Closing is subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Company contained herein (except for the representations and warranties that speak as of a specific date, which shall be made as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

(iv) Tim Paterson-Brown shall have resigned from his role as a member of the Board of Directors;

(v) the Board of Directors shall have appointed Robert B. Ladd to the Board of Directors as a replacement for Tim Patterson-Brown;

(vi) the Board of Directors shall have elected Peter Venton as Chairman of the Board of Directors;

(vii) there shall have been no Material Adverse Effect with respect to the Company since the date of the Original Agreement; and

(viii) from the date of the Original Agreement to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market (except for any suspension of trading of limited duration agreed to by the Company, which suspension shall be terminated prior to the Closing), and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities which, in the reasonable judgment of the Purchaser, makes it impracticable or inadvisable to purchase the Securities at the Closing.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company. Except as set forth in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or otherwise made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules or otherwise referenced in the Disclosure Schedules in such a manner that it is reasonably identifiable to which section such disclosure corresponds, the Company hereby represents and warrants as of the date of the Original Agreement and as of the Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date) to the Purchaser as follows:

(a) Subsidiaries. All of the direct and indirect Subsidiaries of the Company, or entities of which the Company owns greater than 50% of the outstanding equity, are as set forth in Section 3.1(a) of the Disclosure Schedule. The Company owns, directly or indirectly, the amount(s) set forth in Section 3.1(a) of the Disclosure Schedule of capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all such issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, and non-assessable.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder including, without limitation, the issuance of the Shares. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection therewith other than in connection with the Required Approvals. Each Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby to which it is a party do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as would not reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.3 of this Agreement, (ii) the filing with the Commission of a registration statement in accordance with the Registration Rights Agreement, (iii) application(s) to each applicable Trading Market for the listing of the Securities for trading thereon in the time and manner required thereby and (iv) such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company.

(g) Capitalization. The capitalization of the Company is as set forth in Section 3.1(g) of the Disclosure Schedule. The Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. There are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date of the Original Agreement (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Except as contemplated by the Transaction Documents, since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date of the Original Agreement, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and except for this agreement (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective business, prospects, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(j) No Undisclosed Events, Liabilities, Developments or Circumstances. No event, liability, development or circumstance has occurred or exists, or is reasonably expected to exist or occur with respect to the Company, any of the Subsidiaries or their respective business, properties, liabilities, prospects, operations (including results thereof) or condition (financial or otherwise), that (i) would be required to be disclosed by the Company under applicable securities laws on a registration statement filed with the SEC relating to an issuance and sale by the Company of its Common Stock and which has not been publicly announced or (ii) could have a Material Adverse Effect.

(k) Litigation. There is no action, suit, notice of inquiry, violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) would, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. To the knowledge of the Company, there has not been, and there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(l) Labor Relations. No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. Except as contemplated in Section 2.3(b) of this Agreement, no executive officer (as defined in Rule 501(f) promulgated under the Securities Act) or other key employee of the Company or any of the Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. No executive officer or other key employee, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer or key employee, to the knowledge of the Company, does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in material compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours.

(m) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or governmental body or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters.

(n) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses ("Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Permit.

(o) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and Liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are to their knowledge held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(p) Patents and Trademarks. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or material for use in connection with their respective businesses as described in the SEC Reports (collectively, the "Intellectual Property Rights"). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person. All such Intellectual Property Rights are enforceable and to the knowledge of the Company there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties.

(q) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(r) Transactions With Affiliates and Employees. None of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee of the Company has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(s) Sarbanes-Oxley; Internal Accounting Controls. Except as described in the SEC Reports, the Company is in material compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date of the Original Agreement, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date of the Original Agreement and as of the Closing Date. Except as described in the SEC Reports, the Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by the Company's most recently filed Quarterly Report on Form 10-Q under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the Company's internal control over financial reporting (as such term is defined in the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(t) Subsidiary Rights. The Company or one of the Subsidiaries has the unrestricted right to vote, and (subject to limitations imposed by applicable law) to receive dividends and distributions on, all capital securities of the Subsidiaries as owned by the Company or such Subsidiary.

(u) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of the Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its Exchange Act filings and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect. Confirm.

(v) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(w) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(x) Registration Rights. Other than the rights of the Purchaser under the Registration Rights Agreement, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company.

(y) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to terminate, or which to its knowledge is likely to have the effect of terminating, the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Company has not received any notice of deficiency from the exchange on which its Common Stock is listed, nor is it aware of any violations of any listing requirements in respect of the rules of such exchange.

(z) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(aa) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company, its business and the transactions contemplated hereby, including this Agreement, the Disclosure Schedules to this Agreement and any certificate furnished in connection herewith, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(bb) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(cc) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder, (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, and (ii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within 6 months from the Closing Date. Section 3.1(cc) of the Disclosure Schedule sets forth as of the date of the Original Agreement all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $75,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $75,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(dd) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and each Subsidiary (i) has made or filed all United States federal and state income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction.

(ee) Foreign Corrupt Practices. To the knowledge of the Company, neither the Company, nor to the knowledge of the Company, any agent or other person acting on behalf of the Company, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

(ff) Accountants. The Company's accounting firm is EisnerAmper LLP. To the knowledge and belief of the Company, such accounting firm is a registered public accounting firm as required by the Exchange Act.

(gg) Purchasers' Purchase of Securities. The Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Purchaser is not acting as a financial advisor to the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by the Purchaser or any of its respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchaser's purchase of the Securities. The Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(hh) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or, paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(ii) Office of Foreign Assets Control. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(jj) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(kk) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(ll) Money Laundering. The operations of the Company are in material compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(mm) Environmental Matters. Except as disclosed in the SEC Reports, to the knowledge of the Company, neither the Company nor any of its Subsidiaries (i) is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), (ii) is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iii) is subject to any claim relating to any Environmental Laws; in each case, which violation, contamination, liability or claim has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and, to the Company's Knowledge, there is no pending or threatened investigation that might lead to such a claim.

(nn) Application of Anti-Takeover Provisions. There is no control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Certificate of Incorporation (or similar charter documents) or applicable law that would become applicable to the Purchaser as a result of the issuance of the Securities.

(oo) Shell Company. The Company is not now and has not been, at any time during the past three (3) years, a shell company as defined by Rule 405 of the Securities Act and has never been an issuer subject to Rule 144(i) under the Securities Act.

Section 3.2 Representations and Warranties of the Purchasers. The Purchaser hereby represents and warrants as of the date of the Original Agreement and as of the Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date) to the Company as follows:

(a) Organization; Authority. The Purchaser is either an individual or an entity which one? duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate, partnership or limited liability company power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and performance by the Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of the Purchaser. Each Transaction Document to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Understandings or Arrangements. The Purchaser is acquiring the Securities as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting the Purchaser's right to sell the Securities pursuant to a registration statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time the Purchaser was offered the Securities, it was, and as of the date of this Agreement it is, either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. The Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of the Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment. The Company has provided the Purchaser with access to the Company and its books and records, and the Purchaser has had the opportunity to ask questions of the Company and, as of the date of the Original Agreement, has received any information that it has requested from the Company.

(e) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, and otherwise disclosed in its SEC filings, the Purchaser or any of Affiliate, has not, nor has any Person acting on behalf of or pursuant to any understanding with the Purchaser, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing August 1, 2010 and ending the latter of (i) immediately prior to the execution hereof or the (ii) the date on which the Company publicly announces the transactions contemplated by this Agreement. Other than to other Persons party to this Agreement, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future.

(f) Certain Fees. To the knowledge of the Purchaser, no brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents.

The Company acknowledges and agrees that the representations contained in Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby. The Purchaser hereby further represents and warrants that, as of the date of the Original Agreement, it does not have any actual knowledge of any inaccuracy of the representations and warranties of the Company set forth in Section 3.1.

ARTICLE IV

OTHER AGREEMENTS OF THE PARTIES

Section 4.1 Furnishing of Information. Until the time that the Purchaser no longer owns any of the Securities, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date of the Original Agreement pursuant to the Exchange Act so long as the Company is then subject to the reporting requirements of the Exchange Act. As long as the Purchaser owns Securities, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to the Purchasers and make publicly available in accordance with Rule 144(c) such information as is required for the Purchasers to sell the Securities, including without limitation, under Rule 144. The Company further covenants that it will take such further action as any holder of Securities may reasonably request, to the extent required from time to time to enable such Person to sell such Securities without registration under the Securities Act, including without limitation, within the requirements of the exemption provided by Rule 144.

Section 4.2 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

Section 4.3 Securities Laws Disclosure; Publicity. The Company shall, during or prior to the Trading Day immediately following the second business day following the date hereof, issue a press release disclosing the material terms of the transactions contemplated hereby, and issue a Current Report on Form 8-K (which shall include this Agreement as an exhibit thereto) disclosing the material terms of the transactions contemplated hereby, and including the Transaction Documents as exhibits thereto within the time required by the Exchange Act. From and after the issuance of such press release, the Company shall have publicly disclosed all material, non-public information delivered to the Purchaser by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. The Company and the Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of the Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication.

Section 4.4 Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities for general working capital purposes, and shall not use such proceeds for: (a) the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (b) the redemption of any Common Stock or Common Stock Equivalents or (c) the settlement of any outstanding litigation or (d) in violation of the FCPA or OFAC regulations.

Section 4.5 Indemnification of Purchasers. Subject to the provisions of this Section 4.6, the Company will indemnify and hold the Purchaser and its shareholders, members, partners, directors, managers, officers, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls the Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the shareholders, members, partners, directors, managers, officers, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against a Purchaser in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of the Purchaser's representations, warranties or covenants under the Transaction Documents or any agreements or understandings the Purchaser may have with any such stockholder or any violations by the Purchaser of state or federal securities laws or any conduct by the Purchaser which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party (in this regard, Gersten Savage shall be deemed to be reasonably acceptable to Purchaser). Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent, that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received. The indemnity agreements contained herein shall not be an exclusive remedy but shall be in addition to any cause of action or similar right in law or in equity of any Purchaser Party against the Company or others, and (y) any liabilities the Company may be subject to pursuant to law.

Section 4.6 Listing of Common Stock. The Company hereby agrees to use commercially reasonable efforts to maintain the listing or quotation of the Common Stock on the Trading Market on which it is currently listed, and concurrently with the Closing, the Company shall apply to list or quote all of the Shares on such Trading Market and promptly secure the listing of all of the Shares on such Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application all of the Shares, and will take such other action as is reasonably necessary to cause all of the Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market.

Section 4.7 Certain Transactions and Confidentiality. The Purchaser covenants that neither it nor any Affiliate or any other Person acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales of any of the Company's securities during the period commencing with the execution of the Original Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.3. The Purchaser covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.3, the Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Disclosure Schedules. Notwithstanding the foregoing and notwithstanding anything contained in this Agreement to the contrary, the Company has been informed that (i) the Purchaser does not make any representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the Closing Date, (ii) the Purchaser shall not be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the Closing Date, and (iii) Purchaser shall not have any duty of confidentiality to the Company or its Subsidiaries after the issuance of the initial press release as described in Section 4.3.

Section 4.8 Transfers; Legend.

(a) Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of the Securities other than pursuant to an effective registration statement, to the Company, to an Affiliate of an Purchaser or in connection with a pledge as contemplated in Section 4.08(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Shares under the Securities Act

(b) Certificates evidencing the Shares will contain the following legend, until such time as they are not required under Section 4.08(c):

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT SECURED BY SUCH SECURITIES IN ACCORDANCE WITH APPLICABLE LAW.

The Company has been informed that the Purchaser may from time to time pledge, and/or grant a security interest in some or all of the Securities pursuant to a bona fide margin agreement in connection with a bona fide margin account and, if required under the terms of such agreement or account, the Purchaser may transfer pledged or secured Securities to the pledgees or secured parties in accordance with applicable law. Such a pledge or transfer would not be subject to approval or consent of the Company and no legal opinion of legal counsel to the pledgee, secured party or pledgor shall be required in connection with the pledge, but such legal opinion may be required in connection with a subsequent transfer following default by the Purchaser transferee of the pledge. No notice shall be required of such pledge. At the Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities. Except as otherwise provided in Section 4.10(c), any Securities subject to a pledge or security interest as contemplated by this Section 4.10(b) shall continue to bear the legend set forth in Section 4.1(b) and be subject to the restrictions on transfer set forth in Section 4.10(a).

(c) Certificates evidencing Securities shall not contain any legend (including the legend set forth in Section 4.1(b)): (i) following a sale or transfer of such Securities pursuant to an effective registration statement (including a Registration Statement), or (ii) following a sale or transfer of such Shares pursuant to Rule 144 (assuming the transferee is not an Affiliate of the Company), or (iii) while such Securities are eligible for sale without volume limitations pursuant to Rule 144. If the Purchaser shall make a sale or transfer of Securities either (x) pursuant to Rule 144 or (y) pursuant to a registration statement and in each case shall have delivered to the Company or the Company's transfer agent the certificate representing Securities containing a restrictive legend which are the subject of such sale or transfer and a representation letter in customary form.

Section 4.9 Restriction on trading in the Company's Securities

For the period from the date of the Original Agreement to the Closing Date, it is understood and acknowledged by the Purchaser that: (i) each of the Purchaser and its Affiliates has been asked by the Company to agree, and the Purchaser (on behalf of its self and its Affiliates) has agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company; (ii) the Purchaser has agreed to desist from future open market or other transactions by the Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this private placement transactions; (iii) the Purchaser, and counter-parties in "derivative" transactions to which the Purchaser is a party, directly or indirectly, presently may not have a "short" position in the Common Stock, and (iv) the Purchaser shall not have any affiliation with or control over any arm's length counter-party in any "derivative" transaction.

Section 4.10 Cooperation of the Parties.

Each of the Company (subject to its exercise of the fiduciary duties owned to its shareholders) and the Purchaser agree that they will use their commercially reasonable efforts to close the transaction contemplated hereby by the Closing Date. The Company and the Purchaser further agree that they shall each provide reasonable cooperation to the other party for all necessary filings made by the Company and/or the Purchaser incident to the transactions contemplated hereby, whether before or after the Closing Date.

ARTICLE V

MISCELLANEOUS

Section 5.1 Termination. This Agreement may be terminated by either the Company or the Purchaser by written notice to the other party if the Closing has not been consummated on or before December 31, 2010 (the "Drop-Dead Date"); provided, however, that no such termination will affect the right of any party to sue for any breach by the other party. Subject to Section 4.11, the Company may terminate this Agreement prior to the Drop-Dead Date if (and only if) the Company receives a bonafide, written offer for a transaction at least as favorable to the Company, and on terms more favorable to the Company, as the transaction contemplated hereby (collectively, the "Company Termination Option"). In the event that the Company Termination Option has not be exercised by the Drop-Dead Date, the Company's right to exercise the Company Termination Option shall expire in its entirety, without regard to whether the Closing has (or has not) occurred by such date.

Section 5.2 Fees and Expenses. Each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement, provided, however, that, in the event that the Closing has not occurred on or before the Drop-Dead Date, unless such Closing has not occurred because of a breach by the Purchaser of its obligations under this Agreement, the Company shall reimburse the Purchaser for all of their reasonable out-of-pocket expenses (including reasonable legal fees) up to a maximum of $35,000. The Company shall pay all Transfer Agent fees and stamp taxes levied in connection with the delivery of any Securities to the Purchasers.

Section 5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

Section 5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

Section 5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchaser or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

Section 5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchaser. The Purchaser may assign any or all of its rights under this Agreement to any Person to whom the Purchaser assigns or transfers any Securities.

Section 5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.6.

Section 5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.6, the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

Section 5.10 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

Section 5.11 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

Section 5.12 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

Section 5.13 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

Section 5.14 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, in the event that the Company or the Purchaser has materially breached any of its representations or warranties contained herein, then the Purchaser or the Company, as the case may be, may rescind or withdraw, in its sole discretion upon written notice to the other party, the transactions contemplated by this Agreement.

Section 5.15 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

Section 5.16 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

Section 5.17 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

Section 5.18 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

MGT CAPITAL INVESTMENTS, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

LADDCAP VALUE PARTNERS, LP

By: _____
Name:
Title:

Form of Registration Rights Agreement

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of is dated as of [Closing Date], between MGT Capital Investments, Inc., a Delaware corporation (the "Company"), and Laddcap Value Partners, LP, a Delaware limited partnership (or an affiliate thereof) (the "Purchaser").

This Agreement is made in connection with the Amended and Restated Securities Purchase Agreement, dated as of December 9, 2010, by and between the Company and the Purchaser (the "Purchase Agreement").

The Company and Purchasers hereby agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement will have the respective meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms have the respective meanings set forth in this Section 1:

"Advice" has the meaning set forth in Section 6(d).

"Commission Comments" means written comments pertaining solely to Rule 415 which are received by the Company from the Commission to a filed Registration Statement, a copy of which shall have been provided by the Company to the Holders, which either (i) requires the Company to limit the number of Registrable Securities which may be included therein to a number which is less than the number sought to be included thereon as filed with the Commission or (ii) requires the Company to either exclude Registrable Securities held by specified Holders or deem such Holders to be underwriters with respect to Registrable Securities they seek to include in such Registration Statement.

"Cut Back Shares" has the meaning set forth in Section 2(e).

"Demand Date" means the date on which the Purchaser provides notice to the Company of its request that the Company file the Registration Statement.

"Effective Date" means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

"Effectiveness Date" means the earlier of: (i) the 120th day following the Demand Date; and (ii) the fifth Trading Day following the date on which the Company is notified by the Commission that the Registration Statement will not be reviewed or is no longer subject to further review and comments.

"Effectiveness Period" means the period commencing on the Effective Date of the Registration Statement and ending on the earliest to occur of (a) the second anniversary of such Effective Date, (b) such time as all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein, or (c) such time as all of the Registrable Securities covered by such Registration Statement may be sold by the Holders without volume restrictions pursuant to Rule 144, in each case as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders.

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

"Filing Date**"** means the date that is sixty (60) days from the Demand Date.

"Holder**"** or **"**Holders**"** means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party**"** has the meaning set forth in Section 5(c).

"Indemnifying Party**"** has the meaning set forth in Section 5(c).

"Losses**"** has the meaning set forth in Section 5(a).

"New York Courts**"** means the state and federal courts sitting in the City of New York, Borough of Manhattan.

"Proceeding**"** means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus**"** means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities**"** means the Shares and any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to the Shares.

"Registration Statement**"** means the registration statement required to be filed in accordance with Section 2 and any additional registration statements required to be filed under this Agreement, including in each case the Prospectus, amendments and supplements to such registration statements or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference therein.

"Restriction Termination Date" has the meaning set forth in Section 2(b).

"Rule 144**"** means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415**"** means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424**"** means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SEC Restrictions" has the meaning set forth in Section 2(b).

"Securities Act**"** means the Securities Act of 1933, as amended.

"Shares**"** means the shares of Common Stock, par value $0.001 per share, issued to the Purchasers pursuant to the Purchase Agreement.

2. Registration.

(a) On or after the earlier of (i) the later of (A) the date on which the Company files its Annual Report on Form 10-K with respect to its 2010 fiscal year, (B) the date on which the registration statement for the Medicsight PLC shares of common stock owned by the Company is declared effective by the SEC, and (C) the date on which all of the assets of MGT (UK) have been disposed of, and (ii) June 30, 2011, the Purchaser shall have the right to request that the Company file the Registration Statement and, upon receipt such request, the Company shall prepare and file the Registration Statement on the terms and conditions set forth in this Agreement. On or prior to the Filing Date, the Company shall prepare and file with the Commission a Registration Statement on Form S-3 covering the resale of the Shares if the Company is then eligible to utilize such Form (or on such other form appropriate for such purpose) and shall cause such Registration Statement to be filed by the Filing Date for such Registration Statement and use commercially reasonable efforts to have the Registration Statement declared effective under the Securities Act as soon as possible thereafter, but in any event prior to the Effectiveness Date therefor. Such Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur without such Holder's consent) the "Plan of Distribution" attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period which is applicable to it. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of such Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such Registration Statement (whether or not such filing is technically required under such Rule). The Company hereby represents and warrants to the Purchasers that as of the date hereof the Company is eligible to use Form S-3 for the registration of the Registrable Securities.

(b) If for any reason other than due solely to SEC Restrictions, a Registration Statement is effective but not all outstanding Registrable Securities are registered for resale pursuant thereto, then the Company shall prepare and file by the applicable Filing Date an additional Registration Statement to register the resale of all such unregistered Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415. Notwithstanding anything to the contrary contained in this Section 2, if the Company receives Commission Comments, and following discussions with and responses to the Commission in which the Company uses its commercially reasonable efforts and time to cause as many Registrable Securities for as many Holders as possible to be included in the Registration Statement filed pursuant to Sections 2(a), without characterizing any Holder as an underwriter (and in such regard uses its commercially reasonable efforts to cause the Commission to permit the affected Holders or their respective counsel to participate in Commission conversations on such issue together with Company Counsel, and timely conveys relevant information concerning such issue with the affected Holders or their respective counsel), the Company is unable to cause the inclusion of all Registrable Securities, then the Company may, following not less than three (3) Trading Days prior written notice to the Holders (i) remove from the Registration Statement such Registrable Securities (the "Cut Back Shares") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Securities, in each case as the Commission may require in order for the Commission to allow such Registration Statement to become effective; provided, that in no event may the Company name any Holder as an underwriter without such Holder's prior written consent (collectively, the "SEC Restrictions"). Unless the SEC Restrictions otherwise require, any cut-back imposed pursuant to this Section 2(b) shall be allocated among the Registrable Securities of the Holders on a pro rata basis. No liquidated damages under Section 2(c) shall accrue on or as to any Cut Back Shares, and the required Effectiveness Date for such Registration Statement will be tolled, until such time as the Company is able to effect the registration of the Cut Back Shares in accordance with any SEC Restrictions (such date, the "Restriction Termination Date"). From and after the Restriction Termination Date, all provisions of this Section 2 (including, without limitation, the liquidated damages provisions, subject to tolling as provided above) shall again be applicable to the Cut Back Shares (which, for avoidance of doubt, retain their character as "Registrable Securities") so that the Company will be required to file with and cause to be declared effective by the Commission such additional Registration Statements in the time frames set forth herein as necessary to ultimately cause to be covered by effective Registration Statements all Registrable Securities (if such Registrable Securities cannot at such time be resold by the Holders thereof without volume limitations pursuant to Rule 144).

(c) If: (i) a Registration Statement is not filed on or prior to its Filing Date covering the Registrable Securities required under this Agreement to be included therein (if the Company files a Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(a) hereof, the Company shall not be deemed to have satisfied this clause (i)), (ii) a Registration Statement is not declared effective by the Commission on or prior to its required Effectiveness Date or if by the Business Day immediately following the Effective Date, the Company shall not have filed a "final" prospectus for the Registration Statement with the Commission under Rule 424(b) in accordance with the terms hereof (whether or not such a prospectus is technically required by such Rule), or (iii) after its Effective Date, without regard for the reason thereunder or efforts therefor, such Registration Statement ceases for any reason to be effective and available to the Holders as to all Registrable Securities to which it is required to cover at any time prior to the expiration of its Effectiveness Period for more than an aggregate of 20 Trading Days (which need not be consecutive) (any such failure or breach being referred to as an **"**Event**,"** and for purposes of clauses (i) or (ii) the date on which such Event occurs, or for purposes of clause (iii) the date which such 20 Trading Day-period is exceeded, being referred to as **"**Event Date**"**), then the Holders are entitled to exercise such rights they may have hereunder or under applicable law.

(d) Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached to this Agreement as Annex B (a "Selling Holder Questionnaire"). The Company shall not be required to include the Registrable Securities of a Holder in a Registration Statement and shall not be required to pay any liquidated or other damages under Section 2(c) to any Holder who fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Trading Days prior to the Filing Date (subject to the requirements set forth in Section 3(a)). In addition to the foregoing, each Holder shall provide such other information to the Company as the Company may from time-to-time reasonably request.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than four Trading Days prior to the filing of a Registration Statement or any related Prospectus or any amendment or supplement thereto, the Company shall furnish to each Holder copies of the "Selling Stockholders" section of such document, the "Plan of Distribution" and any risk factor contained in such document that addresses specifically this transaction or the Selling Stockholders, as proposed to be filed, which documents will be subject to the review of such Holder. The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholder" section thereof differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented). The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder except pursuant to, in the case of subsection (iii), the Commission Comments, without, in each case, such Holder's express written authorization.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible provide the Holders true and complete copies of all correspondence from and to the Commission relating to such Registration Statement that would not result in the disclosure to the Holders of material and non-public information concerning the Company; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) Notify the Holders as promptly as reasonably possible (and, in the case of (i)(A) below, not less than three Trading Days prior to such filing and, in the case of (v) below, not less than three Trading Days prior to the financial statements in any Registration Statement becoming ineligible for inclusion therein) and (if requested by any such Person) confirm such notice in writing no later than one Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders that pertain to the Holders as a Selling Stockholder or to the Plan of Distribution, but not information which the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any 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, in light of the circumstances under which they were made, not misleading.

(d) Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) Furnish to each Holder, without charge, at least one copy of each Registration Statement and each amendment thereto and all exhibits to the extent requested by such Person (including those previously furnished) promptly after the filing of such documents with the Commission.

(f) Promptly deliver to each Holder, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(g) Prior to any public offering of Registrable Securities, register or qualify such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States as any Holder may request, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement(s).

(h) Cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement(s), which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an 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.

4. Registration Expenses.

All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, and (B) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of an Advice or an amended or supplemented Prospectus, but only if and to the extent that following the receipt of the Advice or the amended or supplemented Prospectus the misstatement or omission giving rise to such Loss would have been corrected. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of an Advice or an amended or supplemented Prospectus, but only if and to the extent that following the receipt of the Advice or the amended or supplemented Prospectus the misstatement or omission giving rise to such Loss would have been corrected. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each 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, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party 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 of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. . Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) No Piggyback on Registrations. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in a Registration Statement other than the Registrable Securities, and the Company shall not during the Effectiveness Period enter into any agreement providing any such right to any of its security holders.

(c) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(d) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(e) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights.

(f) Amendments and Waivers. The provisions of this Agreement, including the provisions of this Section 6(f), may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders holding at least 67% in interest of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates; provided, further that no amendment or waiver to any provision of this Agreement relating to naming any Holder or requiring the naming of any Holder as an underwriter may be effected in any manner without such Holder's prior written consent.

Section 2(a) may not be amended or waived except by written consent of each Holder affected by such amendment or waiver.

(g) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the second (2nd) trading day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or upon actual receipt by the party to whom such notice is required to be given.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(i) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective Affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(k) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(n) Independent Nature of Investors' Obligations and Rights. The obligations of each Investor under this Agreement are several and not joint with the obligations of each other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement. Nothing contained herein or in any Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement or any other Transaction Document. Each Investor acknowledges that no other Investor will be acting as agent of such Investor in enforcing its rights under this Agreement. Each Investor shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Investor to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

MGT CAPITAL INVESTMENTS, INC.

By: _____
Name:
Title:

LADDCAP VALUE PARTNERS, LP

By: _____
Name:
Title:

Plan of Distribution

The Selling Stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the Purchasers of shares, from the Purchasers) in amounts to be negotiated. The Selling Stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Stockholders may from time to time pledge or grant a security interest in some or all of the Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell shares of Common Stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

Upon the Company being notified in writing by a Selling Stockholder that any material arrangement has been entered into with a broker-dealer for the sale of Common Stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the shares of Common Stock were sold, (iv)the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon the Company being notified in writing by a Selling Stockholder that a donee or pledgee intends to sell more than 500 shares of Common Stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The Selling Stockholders also may transfer the shares of Common Stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Securities will be paid by the Selling Stockholder and/or the Purchasers. Each Selling Stockholder has represented and warranted to the Company that it acquired the securities subject to this Registration Statement in the ordinary course of such Selling Stockholder's business and, at the time of its purchase of such securities such Selling Stockholder had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

The Company has advised each Selling Stockholder that it may not use shares registered on this Registration Statement to cover short sales of Common Stock made prior to the date on which this Registration Statement shall have been declared effective by the Commission. If a Selling Stockholder uses this prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Stockholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Stockholders in connection with resales of their respective shares under this Registration Statement.

The Company is required to pay all fees and expenses incident to the registration of the shares, but the Company will not receive any proceeds from the sale of the Common Stock. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Annex B

MGT CAPITAL INVESTMENTS, INC.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the **"**Common Stock**"**), of MGT Capital Corporation, Inc., a Delaware corporation (the **"**Company**"**), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the **"**Commission**"**) a Registration Statement for the registration and resale of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement, dated as of [_____] (the **"**Registration Rights Agreement**"**), among the Company and the Purchasers named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

_____

2. Address for Notices to Selling Securityholder:

_____

_____

Telephone: _____

Fax: _____

Contact Person: _____

3. Beneficial Ownership of Registrable Securities:

Type and Principal Amount of Registrable Securities beneficially owned:

_____

_____

_____

_____

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(b) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

_____

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

7. The Company has advised each Selling Stockholder that it may not use shares registered on the Registration Statement to cover short sales of Common Stock made prior to the date on which the Registration Statement is declared effective by the Commission, in accordance with 1997 Securities and Exchange Commission Manual of Publicly Available Telephone Interpretations Section A.65. If a Selling Stockholder uses the prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Stockholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Stockholders in connection with resales of their respective shares under the Registration Statement.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____ Beneficial Owner: _____

By: _____
Name:
Title:

PLEASE FAX A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

[ ]

DATED 31 January 2011

(1) MGT CAPITAL INVESTMENTS LIMITED

(2) COMMITTED CAPITAL NOMINEES LIMITED

SALE AND PURCHASE AGREEMENT

Woodwater House
Pynes Hill
Exeter EX2 5WR
DX 135608 EXETER 16
Tel: 01392 688688
Fax: 01392 360563
Email: sam@michelmores.com

THIS AGREEMENT is made as a **DEED** the 31 day of January 2011

BETWEEN:

(1) **MGT CAPITAL INVESTMENTS LIMITED,** a company incorporated in England and Wales (registration number 07034382) and having its registered office at Kensington Centre 66 Hammersmith Road, London W14 8UD (the **"Seller").**

(2) **COMMITTED CAPITAL NOMINEES LIMITED,** a company incorporated in England and Wales (registration number 07476169) and having its registered office at 107 New Bond Street, Mayfair, London W1S 1ED (the **"Buyer").**

INTRODUCTION:-

The Seller has agreed to sell 9,607,843 ordinary shares of £0.00001 each (the **"Sale Shares")** in the share capital of the Company (as defined herein) and to novate the benefit of the Facility Agreement, Debenture and Debt (each as defined herein) to the Buyer on the terms and conditions contained in this Agreement.

OPERATIVE PROVISIONS

1 INTERPRETATION

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

Business Day: a day (other than a Saturday, Sunday or public holiday) when banks in London are open for business.

Buyer's Solicitors: Michelmores LLP of Woodwater House, Pynes Hill, Exeter, Devon EX2 5WR.

Company: Moneygate Group Limited a company incorporated in England and Wales with company number 06599555 and whose registered office is Kensington Centre 66 Hammersmith Road, London W14 8UD

Completion: completion by the parties of their respective obligations in accordance with clause 5 (Completion).

Completion Date: the date upon which Completion takes place.

Condition: the condition set out in clause 4.1.

Debenture: the debenture dated 18 November 2010 entered into by the Company and the Seller creating security in favour of the Seller over the assets of the Company.

Debt: any present or future liability (actual or contingent and, for the avoidance of doubt, including in respect of the payment of interest) payable or owing by the Company to the Seller under or in connection with the Facility Agreement and/or the Debenture.

Deed of Novation: the Deed of Novation to be entered into between the Buyer, the Seller and the Company at Completion in respect of the Facility Agreement, the Debenture and the Debt, in the agreed form.

Encumbrance: any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, however created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect.

Escrow Letter: the letter from the Buyer and the Seller to the Buyer's Solicitors dated 31 December 2010 setting out the terms upon which the Escrow Sum would be held by the Buyer's Solicitors.

Escrow Sum: the sum of £50,000.

Facility Agreement: the facility agreement entered into between the Company and the Seller dated 18 November 2010.

FSA: means the United Kingdom Financial Services Authority.

FSMA: the Financial Services and Markets Act 2000 (as amended).

Heads: the heads of terms relating to this agreement entered into between the Seller and the Buyer dated 23 December 2010.

Long-Stop Date: means noon on 30 June 2011 or such later date and time as may be agreed between the parties.

Novated Documents: the Facility Agreement and the Debenture.

Outstanding Consideration: the sum of £200,000

Person: an individual, corporation, partnership, association, trust or other entity or organisation.

Purchase Price: the aggregate consideration to be paid by the Buyer to the Seller for the Sale Shares, the Facility Agreement and the Debenture in accordance with clause 3.1

Rivera Capital Investments Limited: a company incorporated and registered in British Virgin Islands with company number 1578061 whose registered office is at 90 Main Street, Road Town, Tortola, British Virgin Islands

Rivera Facility: the secured loan facility provided by Rivera Capital Investments Limited to the Company as referred to in the Deed of Novation

Sellers' Solicitors: Cavendish Lakin Limited of Basepoint Business Centre, 1 Winnall Valley Road, Winchester, SO23 0LD.

Subscription Agreement: the subscription agreement entered into on 8 October 2009 between the Seller, those persons set out in Schedule 2 thereto and the Company.

1.2 Documents in **agreed form** are documents in the form agreed by the parties or on their behalf and initialled by them or on their behalf for identification.

2 SALE, PURCHASE AND NOVATION

Subject to satisfaction of the Condition:

2.1 the Seller shall transfer with full title guarantee all Sale Shares to the Buyer and the Buyer shall purchase the Sale Shares free from any lien, charge, equity or encumbrance and together with all rights attaching thereto (including, without limitation, all rights to receive dividends and to vote) with effect from the Completion Date.

2.2 the Seller shall novate to the Buyer the Facility Agreement and the Debenture on the terms set out in the Deed of Novation.

2.3 the Buyer is not obliged to complete the purchase of any of the Sale Shares or the novation of any of the Novated Documents unless both the purchase of all the Sale Shares and the novation of all the Novated Documents are completed simultaneously.

3 CONSIDERATION

3.1 The consideration payable by the Buyer in respect of the Sale Shares the Facility Agreement and the Debenture set out in clauses 2.1 and 2.2 shall comprise the Escrow Sum and the Outstanding Consideration.

3.2 The aggregate consideration payable by the Buyer under clause 3.1 shall be apportioned as follows:

3.2.1 £96.08 in respect of the Sale Shares; and

3.2.2 £249,903.92 (the **"Novation Fee")** in respect of the Novated Documents.

4 CONDITION PRECEDENT

4.1 The sale and purchase of all of the Sale Shares shall be conditional upon the FSA having given its written consent to the change of control of the Company from the Seller to the Buyer in accordance with section 183 of the FSMA and to the satisfaction of the Buyer.

4.2 The parties shall use all reasonable endeavours to procure the fulfilment of the Condition as soon as possible and, in any event, prior to the Long-Stop Date.

4.3 The parties shall keep each other informed from time to time regarding the progress being made in respect of the satisfaction of the Condition, and the Buyer shall give the Seller written notice of the satisfaction or fulfilment of the Condition within five Business Days of the date on which the Condition is so satisfied or fulfilled.

4.4 If on or before the Long-Stop Date the Condition shall not have been satisfied or waived by the Buyer, this Agreement shall automatically terminate and, subject to clause 10.2, no party shall have any claim against any other arising out of this Agreement except in respect of any breach committed prior to the Long-Stop Date.

4.5 For the avoidance of doubt, it is acknowledged and agreed that nothing in this Agreement shall restrict any of the parties from making such disclosures to the FSA or conducting such correspondence or discussions with the FSA from time to time as may be required of them in accordance with the rules, principals and other requirements of the FSA.

5 COMPLETION

5.1 Subject to satisfaction of the Condition, Completion shall take place on the second Business Day after the Buyer shall have given notice to the Seller of the satisfaction or fulfilment of the Condition pursuant to clause 4.3 at the offices of the Buyer's Solicitors.

5.2 At Completion the Seller shall deliver to the Buyer:

5.2.1 a stock transfer in respect of the Sale Shares executed by the Seller in favour of the Buyer;

5.2.2 the share certificate or share certificates for the Sale Shares in the name of the Seller or an indemnity in the agreed form for any lost certificates;

5.2.3 any waivers, consents or other documents required to enable the Buyer to be registered as the holder of the Sale Shares;

5.2.4 the written resignations, in terms satisfactory to the Buyer, of any person (including the Seller) appointed by the Seller or representing the Seller's interests as, a director of the Company;

5.2.5 an irrevocable power of attorney in agreed form given by the Seller in favour of the Buyer to enable the Buyer (as beneficiary) (or its proxies) to exercise all voting and other rights attaching to the Sale Shares before the transfer of the Sale Shares is registered in the Company's register of members; and

5.2.6 the Deed of Novation duly executed by the Seller and the Company.

5.3 At Completion, the Seller shall procure that the board of directors of the Company approves the transfer of Sale Shares from the Seller to the Buyer, accepts the resignations pursuant to clause 5.2.4, and that (subject to stamping) the Buyer's name is placed on the Company's register of members and a share certificate is issued to the Buyer in respect of the Sale Shares.

5.4 At Completion the Buyer shall:

5.4.1 deliver a copy of the Deed of Novation as executed by the Buyer; and

5.4.2 deliver a certified copy of the resolution adopted by the board of directors of the Buyer authorising the transactions contemplated by this agreement.

5.5 On Completion, the Buyer and the Seller shall jointly instruct the Buyer's Solicitors to release the Escrow Sum to the Seller in accordance with the Escrow Letter, save that, for the avoidance of doubt, the reference to "Completion" in the Escrow Letter shall mean Completion as defined in this agreement

5.6 In the event that the Completion Date is on or after 31 March 2010, the Buyer shall pay the Outstanding Consideration by telegraphic transfer to the Seller's Solicitors (who are irrevocably authorised to receive the same) on the Completion Date. In the event that the Completion Date is before 31 March 2010, the Buyer shall pay the Outstanding Consideration on 31 March 2010 to the Seller's Solicitors.

5.7 Payment made in accordance with this clause 5.4 and 5.5 shall constitute a valid discharge of the Buyer's obligation to pay the consideration under clause 3.1.

6 CONDUCT BETWEEN EXCHANGE AND COMPLETION

The Seller undertakes to the Buyer that from the date of this Agreement to Completion, it shall, so far as it is able, procure that the Company shall not create, or agree to create, any Encumbrance over the Business or any asset of the Company.

7 WARRANTIES

7.1 The Seller represents and warrants to the Buyer, as at the date hereof and on each day up to and including the Completion Date, that:

7.1.1 it has full authority to execute, deliver and perform its obligations under this Agreement, the Deed of Novation and each Novated Document, to sell and transfer the Sale Shares and to novate the Novated Documents on the terms hereof and in accordance with the Deed of Novation;

7.1.2 it is the legal and beneficial owner of, has good title to and is entitled to sell and transfer to the Buyer the full legal and beneficial ownership of the Sale Shares and the Debt and the Debenture free from all liens options charges or encumbrances and third party interests of any kind whatsoever, save to the extent that the Debt is secured by the Debenture which is subordinate to the Rivera Facility pursuant to the Inter Creditor Deed (as is defined in the Deed of Novation);

7.1.3 the principal sum outstanding from the Company to the Seller under the Facility Agreement is £1,485,099;

7.1.4 there is no liability (actual or contingent) (save under the Novated Documents) or material dispute outstanding between the Seller and the Company; and

7.1.5 To the extent that there is any Event of Default (as defined in the Facility Agreement) which has occurred or is continuing, no decision has been taken by the Seller to accelerate or enforce its rights under any Novated Document.

7.2 The liability of the Seller to the Buyer for any claims under this clause 7 when taken together shall not exceed the Purchase Price.

8 FURTHER ASSURANCE

8.1 The Seller shall (at its expense) promptly execute and deliver all such documents, and do all such things, as the Buyer may from time to time require for the purpose of giving full effect to the provisions of this Agreement.

9 ASSIGNMENT

9.1 Except as provided otherwise in this Agreement, no party may assign, or grant any Encumbrance or security interest over, any of its rights under this Agreement or any document referred to in it.

9.2 Each party that has rights under this Agreement is acting on its own behalf.

9.3 The Buyer may, after 31 March 2011 and subject to making full payment of the Purchase Price to the Seller, freely assign its rights under this Agreement (or any document referred to in this agreement).

10 COSTS

10.1 Subject to clause 10.2, unless otherwise provided, all costs in connection with the negotiation, preparation, execution and performance of this Agreement, and any documents referred to in it, shall be borne by the party that incurred the costs.

10.2 In the event that Completion shall not have taken place on or before the Long-Stop Date, the Seller shall on the Long-Stop Date:

10.2.1 do and execute all acts, deeds and documents which it is able to do and execute to procure that the Escrow Sum held by the Buyer's Solicitors is released unconditionally to the Buyer in accordance with the Escrow Letter; and

10.2.2 pay to the Buyer, in consideration of the fees and expenses incurred and to be incurred by the Buyer in respect of the transaction contemplated by this Agreement, the sum of £75,000 without any set off, deduction or counterclaim. For the avoidance of doubt, the reference to (a) "Exclusivity Period" or (b) the "period of exclusivity" in the Heads shall mean a period of exclusivity from 1 January 2011 until the Long Stop Date and the Heads are hereby amended accordingly.

11 CONFIDENTIALITY AND ANNOUNCEMENTS

11.1 Except so far as may be required by law, the Seller shall not at any time disclose to any person or use to the detriment of the Company this agreement or any trade secret or other confidential information which it holds in relation to the Company and its affairs.

11.2 No party shall make any announcement relating to this agreement or its subject matter without the prior written approval of the other party except as required by law or by any legal or regulatory authority.

12 GENERAL

12.1 The warranties and representations contained in clause 7 shall remain in full force and effect notwithstanding Completion.

12.2 Any notice required to be given by any of the parties hereto to any of the others shall be deemed validly served if delivered personally or if delivered by pre-paid registered letter sent through the post to is registered office or such other address as may from time to time be notified for this purpose and any notice if so served through the post shall be deemed to have been served 72 hours after the time at which it was posted and in proving such service through the post it shall be sufficient to prove that the notice was properly addressed and posted.

12.3 No term or provision of this Agreement shall be varied or modified by any prior or subsequent statement conduct or act of any party except that hereafter the parties may amend this Agreement only by letter or written instrument signed by all of the parties hereto.

12.4 This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

12.5 This Agreement constitutes the whole and only agreement between the parties relating to the sale and purchase of the Sale Shares and supersedes the term sheet entered into between the Seller and Committed Capital Limited dated 31 December 2010. For the avoidance of doubt, the terms of the Escrow Letter shall not be superseded in any way by this Agreement.

13 LAW AND JURISDICTION

13.1 This Agreement shall be governed by and construed in accordance with English Law and the parties hereto submit to the exclusive jurisdiction of the English courts to hear any matter arising under or in connection with the Agreement.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

EXECUTED as a **DEED** by)
on behalf of)
MGT CAPITAL INVESTMENTS LIMITED)
in the presence of: Director

Witness signature:

Witness name:

Witness address:

Occupation:

EXECUTED as a **DEED** by)
on behalf of)
COMMITTED CAPITAL NOMINEES LIMITED)
Director

Witness signature: /s/ Andrew Bloram

Witness name: ANDREW BLORAM

Witness address: FLAT 5 NORTHFIELD HOUSE
142 – 144 NORTHGATE ROAD
LONDON 5WII BRO

Occupation: CORPORATE FINANCE DIRECTOR

REVOLVING LINE OF CREDIT AND SECURITY AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement") made as of April [__], 2011 by and between Laddcap Value Partners, LP, a Delaware limited partnership (the "Lender") and MGT Capital Investments, Inc., a Delaware corporation (the "Borrower").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions**.

"Account", "Account Debtor", "Chattel Paper", "Commercial Tort Claims", "Deposit Accounts", "Documents", "Electronic Chattel Paper", "Equipment", "Fixtures", "General Intangibles", "Goods", "Instruments", "Inventory", "Investment Property", "Letter-of Credit Right", "Proceeds" and "Tangible Chattel Paper" shall have the respective meanings assigned to such terms in the Uniform Commercial Code, as the same may be in effect from time to time.

"Business Day" shall mean any day other than a Saturday, Sunday or a legal holiday in the State of New York.

"Closing" or "Closing Date" shall mean the date hereof.

"Collateral" shall mean, a first priority, continuing interest in and to, without limitation, all of Borrower's rights, title and interest (i) on all assets and property of the Borrower; (ii) in and to all of its other present and future real or personal property, including, without limitation, the following: Chattel Paper, Equipment, Fixtures, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter of Credit Rights, Real Estate, and the products and Proceeds of any of the foregoing; (iii) its books, records and accounts; and (iv) all other property whether tangible or intangible, including any intellectual property,.

"Event of Default" shall have the meaning specified in Section 7 hereof.

"Fiscal Year" shall mean each twelve (12) month accounting period of Borrower, which ends on December 31 of each year.

"Indemnified Party" shall have the meaning specified in Section 17 hereof.

"Liabilities" shall mean any and all obligations, liabilities and indebtedness of Borrower to Lender under this Agreement and under the Note.

"Loan" shall mean the loans made by Lender to Borrower contemplated herein.

"Material Adverse Effect" shall mean a material adverse effect on the business, property, assets, prospects, operations or condition, financial or otherwise, of Borrower, when taken as a consolidated whole, as determined by the Lender in its sole discretion.

"Maturity Date**"** shall mean fifteen (15) months from the Closing.

"Maximum Loan Limit" shall mean Five Hundred Thousand Dollars ($500,000).

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, entity, party or foreign or United States government (whether federal, state, county, city, municipal or otherwise), including, without limitation, any instrumentality, division, agency, body or department thereof.

"Tax" shall mean any tax, interest, penalty, levy, impost, duty, deduction, withholding or charges of whatever nature required to be paid by Lender and/or to be withheld or deducted from any payment otherwise required hereby to be made by Borrower to Lender; provided, that the term "Tax" shall not include any taxes imposed upon the net income of Lender.

"Term" shall mean the term of this Loan which shall be fifteen (15) months from the date of Closing.

2. **Loan**.

(a)

(i) Subject at all times to all of the terms and conditions of this Agreement, the Lender hereby agrees to extend to the Borrower a secured revolving credit facility, from the Closing Date to the Maturity Date, in an aggregate principal amount not to exceed, at any time outstanding, the Maximum Loan Limit.

(ii) Such revolving credit loans are herein sometimes referred to individually as an "Advance" and collectively as the "Advances." From the Closing Date to the Maturity Date and within the limits of the Maximum Loan Limit, the Lender shall lend, and the Borrower may borrow, prepay (without premium or penalty) and reborrow under this Section 2(a).

(b) Borrower will repay the Loan as provided for in Section 3. Anything herein to the contrary notwithstanding, Borrower's obligation to repay the Liabilities shall be fully recourse to and secured by a first lien all of Borrower's assets.

(c) The Loan shall be evidenced by a promissory note (a "Note") substantially in the form attached hereto as Exhibit A.

3. **Interest, Charges and Additional Consideration**.

(a) The Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of such Loan until such principal amount becomes due, at a rate per annum equal to eight percent (8%). The interest due hereunder shall be due and payable in arrears on the last day of each month. If the Borrower fails to pay the interest due within five (5) days of the due date, the Lender may declare the loan in default as provided in [Section 7]. The outstanding principal balance of the Loan, plus any accrued but unpaid interest thereon and any other payments due under the Note shall be due and payable on the Maturity Date. Anything herein to the contrary notwithstanding, Borrower, upon five (5) days' notice to Lender may repay the Loan in whole or in part without penalty or premium.

(b) A Standby Commitment Fee of two (2%) percent of the Maximum Loan Limit, shall be payable at Closing.

4. **Collateral**.

As security for the payment of all Loans now or in the future made by Lender to Borrower and for the payment or other satisfaction of all other Liabilities, Borrower hereby assigns to Lender and grants to Lender, a first priority continuing security interest in the Collateral, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, and to the extent the following arise from exploitation of the Collateral and all additions and accessions to, substitutions for, and replacements, products and Proceeds of the foregoing property, including, without limitation, proceeds of all insurance policies insuring the foregoing property, and all of Borrower's books and records relating to any of the foregoing and to Borrower's business.

5. **Preservation of Collateral and Perfection of Security Interests Therein**.

Borrower shall, at Lender's request, at any time and from time to time, authenticate, execute and deliver to Lender such financing statements, documents and other agreements and instruments (and pay the cost of filing or recording the same in all public offices deemed necessary or desirable by Lender) and do such other acts and things or cause third parties to do such other acts and things as Lender may deem necessary or desirable in its sole discretion in order to establish and maintain a valid, attached and perfected first priority security interest in the Collateral in favor of Lender (first and superior to and free and clear of all other liens, claims, encumbrances and rights of third parties whatsoever, whether voluntarily or involuntarily created) to secure payment of the Liabilities, and in order to facilitate the collection of the Collateral.

6. **Negative Covenants**.

Until payment and satisfaction in full of all Liabilities and termination of this Agreement, unless Borrower obtains Lender's prior written consent waiving or modifying any of Borrower's covenants hereunder in any specific instance, Borrower agrees as follows:

(a) Borrower shall not create, incur, assume or become obligated (directly or indirectly), for any loans or other indebtedness of borrowed money other than the Loan.

(b) Borrower shall not grant or permit to exist (voluntarily or involuntarily) any lien, claim, security interest or other encumbrance whatsoever on any of its assets, except as otherwise contemplated by this Agreement.

7. **Default**.

The occurrence and continuation of any one or more of the following events shall constitute an "Event of Default" by Borrower hereunder:

(a) The failure to pay when due any of the Liabilities owed to Lender, and said failure to pay is not cured within five (5) days after notice of said failure to pay.

(b) Except as provided in Section 7(a), the failure to perform, keep or observe any of the other covenants, conditions, promises, agreements or obligations under this Agreement or the Note (a "Breach"); which Breach (if capable of cure) is not cured to the reasonable satisfaction of Lender within thirty (30) days of notice of said Breach.

(c) The making or any attempt by any Person to make any levy, seizure or attachment upon any of the Collateral.

(d) The commencement of any proceedings in bankruptcy by or against Borrower or for the liquidation or reorganization of Borrower, or alleging that Borrower is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of Borrower's debts, whether under the United States Bankruptcy Code or under any other law, whether state or federal, now or hereafter existing, for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving Borrower; provided, however, that if such commencement of proceedings against Borrower is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within thirty (30) days after the commencement of such proceedings.

(e) The appointment of a receiver or trustee for Borrower, for any of the Collateral or for any substantial part of Borrower's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of Borrower; provided, however, that if such appointment or commencement of proceedings against Borrower is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within thirty (30) days after the commencement of such proceedings.

(f) The entry of any judgment or order against Borrower in excess of [$50,000] which remains unsatisfied or undischarged and in effect for thirty (30) days after such entry without a stay of enforcement or execution.

8. **Remedies upon an Event of Default**.

(a) After an Event of Default, described in Section 7 hereof, is not cured within the applicable cure period, if any, Lender may, at its option and upon five (5) Business Days notice to Borrower, terminate the Loan, terminate this Agreement and/or demand that all Liabilities become immediately due and payable. In the event of acceleration of Borrower's Liabilities, Borrower shall, subject to the terms hereof, immediately pay to Lender the full amount of such Liabilities.

(b) Upon the occurrence and during the continuation of an Event of Default, Lender may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Agreement or the Note and all of Lender's rights and remedies shall be cumulative and non-exclusive to the extent permitted by law. Any Proceeds of any disposition by Lender of any of the Collateral may be applied by Lender to the payment of expenses in connection with the Collateral, including, without limitation, legal expenses and reasonable attorneys' fees, and any balance of such Proceeds may be applied by Lender toward the payment of such of the Liabilities, and in such order of application, as Lender may from time to time elect.

9. **Conditions Precedent**.

(a) The obligation of Lender to fund the Loan is subject to the satisfaction or waiver on or before the date hereof of the following conditions precedent:

(i) Lender shall have received each of the necessary agreements, opinions, reports, approvals, consents, certificates and other documents. In each case in form and substance satisfactory to Lender;

(ii) Borrower shall have made full payment of all fees, expenses, and other amounts payable under this Agreement; and

(b) After the initial extensions of credit hereunder, the obligation of Lender to make any requested Loan is subject to the satisfaction of the conditions precedent set forth below. Each such request shall constitute a representation and warranty that such conditions are satisfied:

(i) No Event of Default (or any event which with the passage of time or giving of notice, or both, would become an Event of Default) shall have occurred, or would result from the making of the requested Loan; and

(ii) No event has occurred which has had or could reasonably be expected to have a Material Adverse Effect, nor has there been any material adverse change in the business, financial condition, products, or prospects of the Borrower prior to Closing, or in the event that funding occurs subsequent to the Closing Date, since the Closing Date.

10. **Notices**.

All notices and other communications required or sought to be given hereunder shall be in writing and shall be deemed given upon (i) transmitter's confirmation of receipt of a facsimile transmission, (ii) confirmed delivery by a generally recognized overnight carrier or when delivered by hand or (iii) the expiration of five business days after the day when mailed by certified or registered mail, postage prepaid, addressed to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

in the case of Lender shall be sent to it at:

Laddcap Value Partners, LP
335 Madison Avenue Suite 1100
New York, New York 10017
Attention: Robert Ladd
Facsimile Number: 212 661-7260

and in the case of Borrower shall be sent to it at:

MGT Capital Investments, Inc.
MGT Capital Investments Inc.
66 Hammersmith Road, London W14 8UD
London, United Kingdom
Attention: Chairman
Facsimile Number: [+ 44 _____]

or as otherwise directed by the applicable party in writing.

11. **Choice of Governing Law; Construction, Forum Selection**.

This Agreement and the Note shall be governed by and controlled by the internal laws of the State of New York as to interpretation, enforcement, validity, construction, effect, and all other respects. If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or remaining provisions of this Agreement.

12. **Modification and Benefit of Agreement**.

This Agreement and the Note may not be modified, altered or amended except by an agreement in writing signed by Borrower and Lender.

13. **Headings of Subdivisions**.

The headings of subdivisions in this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Agreement.

14. **Counterparts**.

This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

BORROWER:

MGT Capital Investments, Inc.

By: _____
Name:
Title:

LENDER:

Laddcap Value Partners, LP

By: _____
Robert Ladd
Managing Member of the general partner

REVOLVING LINE OF CREDIT NOTE

$500,000 April ___, 2011

FOR VALUE RECEIVED, the undersigned, MGT Capital Investments, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to the order Laddcap Value Partners, LP, a Delaware limited partnership ("Laddcap" or the "Payee"), on July , 2012 (or sooner by reason of an Event of Default or required prepayment in accordance with the Revolving Line of Credit and Security Agreement dated April , 2011 between Laddcap and Maker (as same may be amended, modified, supplemented and/or restated from time to time, the "Loan Agreement") the principal sum of Five Hundred Thousand ($500,000) Dollars or, if less, the aggregate unpaid principal amount of all Advances made by the Payee to the Maker pursuant to the Loan Agreement, together with interest on any and all principal amounts outstanding hereunder from time to time from the date hereof until payment in full hereof, at a rate per annum equal to eight percent (8%); provided, however, that during the continuance of any Event of Default under the Loan Agreement, the interest rate otherwise applicable hereunder shall be increased by two hundred (200) basis points. All interest shall be computed on the daily unpaid principal balance hereof based on a three hundred sixty (360) day year, and shall be payable monthly in arrears on the first day of each calendar month commencing May 1, 2011, and upon maturity or acceleration hereof.

The Maker shall have the right, at any time and from time to time, to prepay all or any portion of the principal balance of this Note upon written notice to the Payee, stating the amount of the prepayment. In addition, the Maker shall be required to make principal payments hereunder, without requirement of notice or demand, as and to the extent provided in the Loan Agreement.

Unless the Maker shall be otherwise notified in writing by Laddcap, all principal and interest hereunder are payable in lawful money of the United States of America at the office of Laddcap set forth in the Loan Agreement in immediately available funds.

This Note is issued and secured pursuant to the terms of the Loan Agreement This Note is entitled to all of the benefits of the Loan Agreement, including provisions governing the payment and the acceleration of maturity hereof, which agreements and instruments are hereby incorporated by reference herein and made a part hereof. The occurrence and continuance of an Event of Default thereunder shall constitute a default under this Note and shall entitle the Payee to accelerate the entire indebtedness hereunder and take such other action as may be provided for in the Loan Agreement and/or any and all other instruments evidencing and/or securing the indebtedness under this Note, or as may be provided under the law.

In the event that any holder of this Note shall, during the continuance of any Event of Default, exercise or endeavor to exercise any of its remedies hereunder or under the Loan Agreement, the Maker shall pay all reasonable costs and expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees, all of which costs and expenses shall be obligations under and part of this Note; and the holder hereof may take judgment for all such amounts in addition to all other sums due hereunder.

No consent or waiver by the holder hereof with respect to any action or failure to act which, without such consent or waiver, would constitute a breach of any provision of this Note shall be valid and binding unless in writing and signed by the Maker and by the holder hereof.

All agreements between the Maker and the Payee are hereby expressly limited to provide that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Payee for the use, forbearance or detention of the indebtedness evidenced hereby exceed the maximum amount which the Payee is permitted to receive under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or the Loan Agreement, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall automatically be reduced to the limit of such validity, and if from any circumstance the Payee shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance of any of the Maker's Liabilities (as such term is defined in the Loan Agreement) to the Payee, and not to the payment of interest hereunder. To the extent permitted by applicable law, all sums paid or agreed to be paid for the use, forbearance or detention of the indebtedness evidenced by this Note shall be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full, to the end that the rate or amount of interest on account of such indebtedness does not exceed any applicable usury ceiling. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. This provision shall control every other provision of all agreements between the Maker and the Payee.

This Note shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that such laws are superseded by Federal enactments.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed by its duly authorized officer as of the date first set forth above.

MGT Capital Investments, Inc.

By: _____

Name:
Title:

Exhibit 21.1

SUBSIDIARIES OF MGT CAPITAL INVESTMENTS, INC.

Name of Subsidiary	Jurisdiction of Organization
MGT Capital Investments (UK) Limited	England and Wales
MGT Investments (Gibraltar) Limited	Gibraltar
Medicsight plc	England and Wales
Medicsight Nominees Limited	England and Wales
Subsidiaries of Medicsight plc	
Medicsight KK	Japan
Medicsight Pty Limited	Australia
Medicsight FZE	UAE
MedicEndo Limited	UAE
MedicCO2lon Limited	UAE
Medicsight UK Limited	UK
Subsidiaries of MGT Capital Investments (UK) Limited	
MGT Capital Investments Limited	England and Wales

Exhibit 31.1

CERTIFICATION PURSUANT TO SARBANES-OXLEY ACT OF 2002

I, Robert Ladd, certify that:

1. I have reviewed this annual report on Form 10-K of MGT Capital Investments, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ROBERT LADD
Robert Ladd
Interim Chief Executive Officer

April 15, 2011

Exhibit 31.2

CERTIFICATION PURSUANT TO SARBANES-OXLEY ACT OF 2002

I, Robert Ladd, certify that:

1. I have reviewed this annual report on Form 10-K of MGT Capital Investments, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ROBERT LADD
Robert Ladd
Principal Financial Officer

April 15, 2011

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Ladd, Interim Chief Executive Officer of MGT Capital Investments, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ ROBERT LADD
Robert Ladd
Interim Chief Executive Officer

April 15, 2011

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Ladd, Principal Financial Officer of MGT Capital Investments, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ ROBERT LADD
Robert Ladd
Principal Financial Officer

April 15, 2011