

27883

DATED

12 July

2000

BRIDGEND GROUP PLC

and

CO-OPERATION RETIREMENT BENEFIT FUND (L) LIMITED AND OTHERS

AGREEMENT

for the sale and purchase of the
entire issued share capital of
HEMSCOTT.NET GROUP PLC

Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Tel: 020 7524 6000



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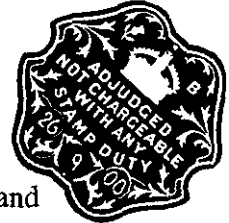
AGREEMENT FOR SALE AND PURCHASE OF SHARES

DATE

12 July 2000

PARTIES

- (1) THE SEVERAL PERSONS named in **part 1 of schedule 1** (the "Sellers"); and
- (2) BRIDGEND GROUP PLC (incorporated and registered in England and Wales under company number 27883) the registered office of which is at 68 Great Eastern Street, London EC2A 3JT (the "Purchaser").



IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

In this agreement, the following definitions apply:

"Accounts"

the audited balance sheet and profit and loss account of each of the Company and the Subsidiaries and the audited consolidated balance sheet and profit and loss account of the Group as at and for the three month period ended on the Accounts Date together with the notes and reports and other documents annexed to them;

"Accounts Date"

31 March 2000;

"Accounting Standards"

FRSs, SSAPs and abstracts issued by the Urgent Issues Task Force;

"Admission"

the admission of all the existing issued and unissued Ordinary Shares, the Consideration Shares and the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;

"Agreed Form"

in a form agreed by and initialled by or on behalf of the relevant parties;

“AIM”

the Alternative Investment Market of the London Stock Exchange;

“AIM Rules”

chapters 16 and 17 of the rules of the London Stock Exchange

“Business”

the business currently carried on by the Group including, but not limited to, the provision in electronic format of business and investment information and the provision of investor relation services;

“Business Day”

a day other than Saturday, Sunday or a day on which banks are authorised to close in London;

“Business Name”

hemscott.NET;

“Circular”

the circular to be issued to, *inter alia*, holders of Ordinary Shares comprising an AIM Admission Document in the Agreed Form;

“City Code”

the City Code on Takeovers and Mergers;

“Claim”

a Warranty Claim and/or a Tax Claim;

“Companies Act”

the Companies Act 1985 (as amended);

“Company”

hemscott.NET Group plc, details of which are set out in **part 2 of schedule 1**;

“Completion”

completion of the sale and purchase of the Shares in accordance with **clause 6**;

“Completion Date”

the date on which Completion becomes unconditional (being upon Admission) or if Completion is deferred pursuant to clause 6, the time and date to which Completion is deferred;

“Computer System”

the computerised systems (including the internet web sites of each Group Company) used by each Group Company for the purposes of conducting the Business;

“Computer Technology”

all software and hardware (including all equipment, products or other items which contain any element of computer software) used, supplied, sold or exploited in or in connection with the Business;

“Condition”

the condition set out in **clause 3.1**;

“Connected Person”

a connected person as defined in section 839 of the Taxes Act;

“Consideration”

the consideration payable by the Purchaser to the Sellers for the Shares as set out in **clause 5**;

“Consideration Shares”

the 666,666,667 new Ordinary Shares to be issued on Completion to the Sellers to satisfy the Consideration in the proportions set out in **column 2 of part 1 of schedule 1**;

“CRBF”

Co-operation Retirement Benefit Fund (L) Limited, one of the Sellers;

“Directors”

the persons listed as directors of the Company at the date of this agreement in **part 2 of schedule 1**;

“Disclosure Letter”

a letter of the same date as this agreement from the Sellers to the Purchaser;

“Escrow Completion”

completion in escrow as set out in **clause 6.1**;

“Event”

any transaction (including entry into this agreement or the purchase or sale of any asset other than in the ordinary course of conducting the Business), act (including migration of a company or the inclusion of a company within a group of companies for any purpose), omission, receipt, distribution in each case undertaken in respect of or by the Company other than the grant by the Company of options over its shares;

“Extraordinary General Meeting”

the proposed extraordinary general meeting of the Purchaser at which the Resolutions will be proposed;

“FRS”

a Financial Reporting Standard adopted or issued by the Accounting Standards Board Limited;

“Group”

the Company and the Subsidiaries;

“Group Company”

any company within the Group;

“group undertaking”

a group undertaking as defined in section 259 of the Companies Act;

“Health and Safety Laws”

all statutes, statutory instruments, common law, treaties, regulations, directives and other national and local laws (including the Health and Safety at Work etc. Act 1974, the Management of Health and Safety at Work Regulations 1992 and the Workplace Health Safety and Welfare Regulations 1992); all codes of practice and guidance notes having mandatory effect and issued by any supranational, national or local government authority; all judgments, orders, instructions or awards of any court or competent authority, in each case relating to the health and safety of those working for any Group Company (whether as employees or otherwise or visiting the Properties or being otherwise affected by any Group Company or its servants or agents);

“Intellectual Property”

patents, trade marks, rights in design (registered and unregistered) copyright (including rights in computer software), business or trade names and all other industrial or intellectual property or other rights or forms of protection of a similar nature or having similar effect in any part of the world and rights in and in relation to them and, where appropriate, applications for any of them and the right to apply for any of them;

“Interim Period”

the period from the date of this agreement up to and including Completion;

“Lease”

in relation to each of the Properties which is leasehold, the lease under which it is held and any documents which are supplemental to that lease;

“Liability to Tax”

any liability to make an actual payment of Tax;

“Listing Rules”

the latest edition of “The Listing Rules” issued by the UK Listing Authority;

“Lock-in Deed”

the lock-in deed in the Agreed Form to be entered into between, *inter alia*, Peel Hunt plc, the Purchaser and the Sellers;

“London Stock Exchange”

London Stock Exchange Limited;

“Management Accounts”

the management accounts of the Company and the Subsidiaries for the period from 1st April 2000 to 30th April 2000;

“Ordinary Shares”

ordinary shares of 1p each in the capital of the Purchaser;

“Owner”

in relation to each of the Properties, the person named as the owner in **schedule 2**;

“Placing Agreement”

the agreement of even date relating to, *inter alia*, the Placing Shares to be entered into by (1) the Purchaser and (2) Peel Hunt plc and (3) the directors and proposed directors of the Purchaser;

“Placing Shares”

800,000,000 new Ordinary Shares, credited as fully paid and ranking on allotment *pari passu* in all respects with the existing ordinary share capital of the Purchaser to be allotted pursuant to the Placing, Open Offer or Retail Offer (each as defined in the Circular);

“POS Regulations”

the Public Offers of Securities Regulations 1995;

“Properties”

the properties listed in **part 1 of schedule 2**;

"Purchaser's Accounts"

the audited consolidated balance sheet and profit and loss account of the Purchaser's Group for the year ended 31 December 1999 together with the notes and reports and other documents annexed to them;

"Purchaser's Accountants"

KPMG Audit Plc;

"Purchaser's Accounts Date"

31 December 1999;

"Purchaser's Directors"

the directors of the Purchaser at the date of this agreement;

"Purchaser's Group"

the Purchaser and its subsidiaries from time to time including, after Completion, any Group Company;

"Purchaser's Group Company"

any company within the Purchaser's Group and including, after Completion, any Group Company;

"Purchaser's Property"

the real properties owned or occupied at the date of this agreement by the Purchaser or any Purchaser's Group Company;

"Purchaser's Solicitors"

Nabarro Nathanson;

"Resolutions"

the resolutions in Agreed Form to be proposed at the Extraordinary General Meeting;

"Sellers' Accountants"

Arthur Andersen;

"Sellers' Solicitors"

Richards Butler;

"Senior Employee"

an employee whose total annual remuneration including all benefits in kind, pension contributions, commissions and similar payments exceeds £80,000;

“Shares”

110,101,010 ordinary shares of 1p each, being the entire issued share capital of the Company;

“SSAP”

a Statement of Standard Accounting Practice issued by the Accounting Standards Committee and adopted by the Accounting Standards Board Limited;

“Subsidiaries”

the companies, details of which are set out in **part 3 of schedule 1** or any one or more of them;

“subsidiary”

a subsidiary as defined in section 736 of the Companies Act;

“Tax”

all taxes, duties, levies, imposts, charges in the nature of tax and withholdings of any nature whatsoever, whether created or imposed in the United Kingdom or elsewhere and at whatever time created or imposed which are collected and administered by any Tax Authority including, without limitation,

- (a) within the United Kingdom, income tax, corporation tax, advance corporation tax, capital gains tax, value added tax, customs' duties (including import duties, excise duties), insurance premium tax, the charge under section 419 of the Taxes Act, stamp duty, stamp duty reserve tax, inheritance tax, national insurance contributions, PAYE, the charge under section 214 of the Taxes Act and any other forms of taxes, duties, levies, imposts, charges or withholdings similar to or supplementing or replaced by or replacing them or any of them (but excluding water rates and business rates); and
- (b) outside the United Kingdom, taxes on gross or net income, taxes on profits or gains and taxes on receipts, sales, use, occupation, franchise, value added and personal property,

in all cases together with all incidental or supplemental penalties, charges, interest, fines and default surcharges;

“Tax Authority”

any taxing or other authority (whether within or outside the United Kingdom) competent to impose, administer or collect any Tax;

“Tax Claim”

a claim under the Tax covenant set out in **clause 9**.

“Warranties”

in the case of the warranties made by the Warrantors in **clause 7.1** in relation to the statements set out in **schedule 3** and in the case of the Purchaser the warranties made by it in **clause 12.1** in relation to the statements in **schedule 5**;

“Warrantors”

means CRBF, Peter Scott and Jill Meiring;

“Warranty Claim”

a claim by the Purchaser against the Warrantors for breach of any of the Warranties or a claim by the Warrantors against the Purchaser for a breach of any of the Warranties, as the case may be.

2. INTERPRETATION

2.1 In this agreement:

2.1.1 the contents pages and clause headings are for convenience only and do not affect its construction;

2.1.2 words denoting the singular include the plural and vice versa;

2.1.3 words denoting one gender include each gender and all genders.

2.2 In this agreement, unless otherwise specified or the context otherwise requires, a reference to:

2.2.1 a person is to be construed to include a reference to any individual, firm, partnership, company, corporation, association, organisation or trust (in each case whether or not having a separate legal personality);

2.2.2 a document, instrument or agreement (including, without limitation, this agreement) is a reference to any such document, instrument or agreement as modified, amended, varied, supplemented or novated from time to time or, in the Warranties, as modified, varied, supplemented or novated at the date of this agreement;

2.2.3 a clause or schedule is a reference to a clause of or schedule to this agreement and a reference to this agreement includes its schedules;

2.2.4 a paragraph is a reference to a paragraph of the schedule in which the reference appears;

2.2.5 a statutory provision is to be construed as a reference to such provision as amended, consolidated or re-enacted from time to time and to any orders, regulations, instruments or other subordinate legislation (and relevant codes of practice) made under the relevant statute except to the extent that any amendment, consolidation or re-enactment coming into force after the date of this agreement would increase or extend the liability of any party to this agreement to any other party;

- 2.2.6 a reference to writing shall include any mode of reproducing words in a legible and non-transitory form.
- 2.3 All representations, warranties, undertakings, agreements, covenants, indemnities and obligations made or given or entered into by more than one person in this agreement are made or given or entered into severally.
- 2.4 Where any Warranty is qualified by the expression "so far as the Warrantors are aware" or any similar expression, it shall mean the actual awareness of the Warrantor in question without such Warrantor having made or being required to make any enquiry of any nature and where any Warranty relating to the Purchaser is qualified by the expression "so far as the Purchaser is aware" or any similar expression, it shall mean the actual awareness of the Purchaser without the Purchaser having made or being required to make any enquiry of any nature.

3. CONDITIONS

- 3.1 Except for the obligations set out in this **clause 3** and in **clauses 11** (Obligations prior to Completion), **13** (Announcements), **14.9** (Counterparts), **15** (Notices) and **16** (Law and jurisdiction), the obligations of the parties under this agreement are in all respects conditional on the execution of the Placing Agreement and its not having been terminated or rescinded in accordance with its terms and having become unconditional in all respects save for Admission and for any condition requiring that this agreement shall have become unconditional or been completed in accordance with its terms.
- 3.2 Each of the Sellers shall take all such action as he reasonably may as a shareholder in the Company to procure the provision to the Purchaser of all necessary information for the purpose of satisfying the Condition including, without limitation, all information relating to each Group Company required by the POS Regulations, the AIM Rules, the City Code or the Listing Rules to be inserted in any document to be sent to the Purchaser's shareholders.
- 3.3 The Purchaser shall use all reasonable endeavours to procure that the Condition is fulfilled by 15 August 2000 or such later date as may be agreed between the parties (being no later than 15 September 2000).
- 3.4 The Purchaser undertakes to the Sellers that it will post a circular in the Agreed Form to its shareholders within ten Business Days of the exchange of this agreement containing a notice convening the Extraordinary General Meeting to consider the Resolutions and unanimous recommendations from the directors of the Purchaser (other than Charles Jillings) to vote in favour of the Resolutions.
- 3.5 If the Condition is not satisfied in accordance with this **clause 3** by the time set out in **clause 3.3** then the provisions of this agreement with the exception of the provisions set out in **clauses 3, 13, 14.9, 15 and 16** shall immediately terminate and cease to have effect without prejudice to any right or remedy in connection with any outstanding breach of this agreement.

- 3.6 The provisions of this **clause 3.6** shall apply only if the Condition is not satisfied in accordance with this **clause 3** by the time set out in **clause 3.3**; and, in those circumstances, the Purchaser undertakes to the Sellers that, to the fullest extent permitted by law, it will immediately at the time stated in **clause 3.3** sell and transfer to the Company or as it may direct for a total consideration of £1 all the information (including the names, addresses and e-mail addresses and details) obtained by the Purchaser in connection with the retail offer made by and described in the Circular concerning persons applying to subscribe for Ordinary Shares under that Retail Offer (as defined in the Circular) provided that the Sellers have procured that the Company has discharged all liabilities of the Purchaser to Issues Direct plc and Capita IRG plc.

4. SALE AND PURCHASE

- 4.1 Subject to the Condition, the Sellers (each as to respectively those of the Shares specified opposite his name in column 2 of **part 1 of schedule 1**) shall sell and the Purchaser shall purchase the Shares with effect from Completion.
- 4.2 Each of the Sellers covenants with the Purchaser that, in relation to the respective Shares specified opposite his name in column 2 of **part 2 of schedule 1** and save for the security given to CRBF by Peter Scott, Jill Meiring and Frank Horack by virtue of the loan facility letters and memoranda of deposit in each case dated 13th February 1996 copies of which are attached to the Disclosure Letter :
- 4.2.1 the full legal and beneficial interest in the Shares will be transferred to the Purchaser at Completion on the terms set out in this agreement;
- 4.2.2 the Shares will be sold free from all claims, liens, charges, equities, encumbrances and adverse rights of any description and together with all rights attached to them at the date of this agreement or subsequently becoming attached to them
- and CRBF confirms to the Purchaser that the Shares shall be sold free of the security in favour of CRBF referred to above, which shall instead attach to some or all of the Consideration Shares received by Peter Scott, Jill Meiring or Frank Horack.
- 4.3 Each of the Sellers waives (and shall procure the waiver of) all restrictions on transfer (including pre-emption rights) which may exist in relation to the Shares or the shares in any other Group Company under the articles of association of any Group Company or otherwise (including, in particular, any rights or restrictions on transfer in the agreement dated 21 March 2000 between, *inter alia*, the Company and some or all of the Sellers).
- 4.4 The Purchaser shall not be obliged and may not elect to complete the purchase of any of the Shares unless the Sellers shall at the same time complete the sale of all of the Shares.

5. CONSIDERATION

- 5.1 The consideration for the sale of the Shares shall be £15,000,000 to be satisfied by the allotment and issue credited as fully paid up to each of the Sellers of the number of

Consideration Shares set out against their respective names in column 3 of **part 1** of **schedule 1**.

- 5.2 The Sellers acknowledge that at Completion they will become bound to the Company by the provisions of the Lock-in Deed.

6. COMPLETION

- 6.1 Subject to the due satisfaction of the Condition and the provisions of **clause 6**, Escrow Completion shall take place at the offices of the Purchaser's Solicitors immediately following the conclusion of the Extraordinary General Meeting with Admission being the escrow condition.
- 6.2 At Escrow Completion, the Sellers shall deliver (or procure to be delivered) to the Purchaser:
- 6.2.1 duly executed stock transfer forms for the Shares in favour of the Purchaser together with the relative definitive share certificates in respect of the Shares in the names of the relevant transferors;
 - 6.2.2 duly executed transfers in blank of any shares in the Subsidiaries not registered in the name of the Company or another Group Company together with the relative definitive share certificates in respect of all the issued share capital of the Subsidiaries;
 - 6.2.3 evidence to the Purchaser's reasonable satisfaction of the authority of any person executing this agreement or any document to be executed pursuant to it on behalf of any of the Sellers;
 - 6.2.4 duly executed powers of attorney in the Agreed Form in favour of the Purchaser executed by each of the registered holders of the Shares;
 - 6.2.5 any waivers, consents or other documents necessary to vest in the Purchaser the full legal and beneficial interest in the Shares and any shares in the Subsidiaries and to enable the Purchaser and/or its nominee(s) to be registered as owners of them;
 - 6.2.6 the statutory registers and other books of each Group Company made up to date, the certificates of incorporation and certificates of incorporation on change of name, the common seals (if any) and copies of the memorandum and articles of each Group Company;
 - 6.2.7 a letter in the Agreed Form from the Sellers executed as a deed and such other evidence as the Purchaser may require irrevocably and unconditionally releasing and discharging each Group Company from all obligations, indebtedness or liabilities to any of the Sellers;
- 6.3 At Escrow Completion, the Sellers shall:
- 6.3.1 procure that a meeting of the directors of the Company shall be held at which resolutions in the Agreed Form shall be passed;

- 6.3.2 procure that, immediately following the meeting of directors referred to in **clause 6.3.1**, meetings of the directors of each of the Subsidiaries be held at which resolutions in the Agreed Form shall be passed;
- 6.4.1 Upon completion of all the matters referred to in **clauses 6.2 and 6.3** the Purchaser shall deliver to the Sellers:
- (a) the written resignation by deed conditional upon Completion in the Agreed Form of Clive Whiley and Mike Bretherton as directors and Frederick Flood as secretary of the Purchaser each containing an acknowledgement that he has no claim against any Purchaser's Group Company for compensation for loss of office;
 - (b) to the extent not previously entered into agreements in the Agreed Form duly executed by the Purchaser conditional upon Completion granting options over Ordinary Shares to, respectively:
 - (i) Michael Grade;
 - (ii) Rosalyn Wilton; and
 - (iii) Winston Fletcher; and
 - (c) an undertaking in the Agreed Form agreeing conditional on Completion to offer within 10 Business Days of Completion to those persons listed in the Disclosure Letter as holding options over ordinary shares of 1p each in the Company under the hemscott.NET Group plc Unapproved Executive Share Option Plan 2000 'new options' over Ordinary Shares in the terms of Rule 5.6 of those rules.
- 6.4.2 Upon completion of all the matters referred to in **clauses 6.2 and 6.3** the Purchaser shall:
- (a) procure that a meeting of the directors of the Purchaser shall be held at which, inter alia, it is resolved to:
 - (i) appoint Michael Grade, Rosalyn Wilton, Kevin O'Byrne, and Winston Fletcher as directors of the Purchaser ~~and Nick Loney as secretary of the Purchaser~~, conditional upon Completion;
 - (ii) change the registered office to Second Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1 8TY conditional upon Completion;
 - (iii) record the resignations of Clive Whiley and Mike Bretherton as directors of the Purchaser ~~and Frederick Flood as secretary of the Purchaser~~; and
 - (iv) approve the allotment and issue of the Consideration Shares to the Sellers in accordance with this agreement.
 - (v) approve and execute the agreements referred to in clause 6.4.1(c); and
 - (vi) approve and execute the undertaking referred to in clause 6.4.1(d) and authorise the offer and issue of the new options referred to in that undertaking.
 - (b) procure the delivery to the Sellers of the termination agreements in respect of Mr Clive Whiley and Mr Michael Bretherton.

- (c) enter into the appointment letter in the Agreed Form with each of Messrs. Grade and Fletcher and the Analysis & Research Company Limited.
- 6.4.3 Upon completion of all the matters referred to in **clauses 6.2 and 6.3** the Purchaser shall:
 - (a) allot, subject to Admission, and issue the Consideration Shares to the Sellers; and
 - (b) deliver (or procure the delivery of) to the Seller definitive share certificates or confirmation of credit to the CREST account in the name of the respective Seller (or, in the case of CRBF, to HSBC Bank International Limited (account number 10095603), PO Box 26, 18/34 Hill Street, St. Helier, Jersey) in respect of the Consideration Shares allotted to them and the Sellers (or in the case of CRBF, HSBC Bank International Limited) shall be entered in the Purchaser's register of members as the holder of the Consideration Shares allotted to them.
- 6.5 If the Sellers shall fail fully to comply with any of their obligations under **clauses 6.2 and 6.3** on the date fixed for Escrow Completion pursuant to **clause 6.1**, the Purchaser (subject to the Purchaser having complied in all respects with its obligations under **clause 6.4** on the date fixed for Escrow Completion) shall, without prejudice to any other rights or remedies which it may have, be entitled to:
 - 6.5.1 defer Escrow Completion with respect to some or all of the Shares to a date not less than 7 nor more than 28 days after that date (in which case the provisions of this **clause 6.5.1** shall also apply to Escrow Completion as so deferred); or
 - 6.5.2 terminate this agreement.
- 6.6 Immediately upon Admission, all completion items shall be unconditionally released from escrow and Completion shall take place.

7. WARRANTIES

- 7.1 Each of the Sellers severally represents to the Purchaser that, save in relation to the loan facility letters and memoranda of deposit referred to in **clause 4.2**.
 - 7.1.1 he is the registered holder and beneficial owner of the shares set opposite his name in column 2 of **part 1 of schedule 1** (except in the case of CRBF which is the beneficial owner of those shares, such shares being registered in the name of HSBC Bank International Limited);
 - 7.1.2 the shares set opposite his name in column 2 of **part 2 of schedule 1** are free from all claims, liens, charges, equities, encumbrances or adverse rights of any description;
 - 7.1.3 he is entitled to sell and transfer the full legal and beneficial interest in the shares set opposite his name in column 2 of **part 1 of schedule 1** to the Purchaser on the terms set out in this agreement (or, in the case of CRBF, to procure the sale and transfer of the legal interest in those shares); and

- 7.1.4 he has full power and authority without requiring the consent of any person to enter into and perform his obligations under this agreement.
- 7.2 The Warrantors severally warrant, to the Purchaser (for itself and as trustee for each Group Company) in the terms of the statements set out in **schedule 3** as at the date of this agreement. The Warranties contained in paragraph 14 of Part A of Schedule 3 are given solely by each Warrantor in respect of itself and to the best of the knowledge and belief of the Warrantors in respect of the Sellers (other than the Warrantors).
- 7.3 The Warrantors acknowledge that the Purchaser in entering into this agreement has relied on the Warranties.
- 7.4 The Warrantors agree with the Purchaser (for itself and as trustee for each Group Company) (in the absence of fraud) to waive any right or remedy which the Warrantors may have against any Group Company in connection with any representation, warranty, agreement or statement by any such person made to the Warrantors on which they have relied in relation to the Warranties.
- 7.5 Each of the Warranties shall be construed as a separate and independent provision.
- 7.6 Save as otherwise provided in this agreement, no claim in respect of or arising out of the Warranties or any other provision of this agreement shall be limited or otherwise affected and no amount recoverable in respect of any breach shall be reduced by any knowledge (actual or constructive) which the Purchaser has or is deemed to have in relation to any Group Company.
- 7.7 The Purchaser acknowledges its only remedy for any misrepresentation upon which it has relied in entering into this Agreement (other than a fraudulent misrepresentation) shall be a claim for breach of the Warranties; and, except for the Warranties, the Purchaser has not relied on any warranties or representations, opinions, inducements, undertakings or indemnities of any description oral or written given by or on behalf of, or any documents entered into by or on behalf of, the Sellers or any agent or any or all of them.
- 7.8 The provisions of this **clause 7** and **clause 8**, which provisions have the effect amongst other things or limiting the Sellers' liability under the Warranties, will remain in force and be fully applicable after Completion and will not be discharged in whole or in part by any circumstances giving rise to any claim for breach of any of the Warranties whatever the nature or consequence of the circumstance given rise to such claim; and each party acknowledges that the terms of those clauses are in the circumstances fair and reasonable.

8. LIMITATIONS TO THE WARRANTIES

- 8.1 The aggregate liability of each of the Warrantors for all Claims shall not exceed the total amount of the Consideration paid for those of the Shares sold by that Warrantor, being the number of Consideration Shares set opposite his respective name in column 3 of **part 1** of **schedule 1** multiplied by the Issue Price (as that term is defined in the Circular) (the "Issue Price").

- 8.2 Where, the middle market price for 1 Ordinary Share at the close of business on the dealing day immediately preceding the notification of a Claim to the Warrantors (as that quotation is derived from the AIM Appendix to the Daily Official List of the London Stock Exchange) is less than the Issue Price, then the amount of the Claim shall be limited to that percentage of the Claim that such middle market price bears to the Issue Price; and for this purpose appropriate adjustment shall be made where necessary to take account of any reorganisation of the share capital of the Purchaser (which for this purpose shall include any return of capital, purchase of own shares or capital dividend) that has occurred between Completion and the date of the notification of the Claim to the Warrantors.
- 8.3 The liability of the Warrantors under the Warranties shall be several and in relation to each and any Claim being made against the Warrantors, the individual liability of each of the Warrantors in respect of that Claim shall not exceed that proportion of the total liability under such Claim as is set out below opposite his name:

Warrantor	Proportion of liability
CRBF	59.4%
P.Scott	16.8%
J.Meiring	17.1%

For the purpose of this clause 8.3, "total liability" in relation to any claim shall mean, in the case of a liability arising from any breach of the Warranties, the liability of the Warrantors in respect of such breach as determined by reference to common law principles concerning the assessment of damages arising from a breach of contract, reduced if that be the case (both in respect of Warranty Claims and Tax Claims) to such proportion of such liability as is specified by clause 8.2.

- 8.4 In the case of any of the Warrantors (each a "Share Elector") it is agreed:
- 8.4.1 the Purchaser and the Share Elector may, having regard to clauses 8.1 to 8.3 (inclusive), agree the amount due from the Share Elector in relation to the Claim on a particular day;
- 8.4.2 upon agreement of that amount the Purchaser and the Share Elector may also agree, based on the middle market price for Ordinary Shares at close of business on the immediately preceding dealing day, the number of Consideration Shares which at that price equals the amount due from the Share Elector for that Claim;
- 8.4.3 the Share Elector shall either:
- (a) as soon as the Share Elector may, without being in breach of any provision of the AIM Rules, sign such documents and give such instructions and authorities as will enable the Purchaser's brokers to sell that number of Consideration Shares and remit the proceeds to the Purchaser and that sale shall be in full satisfaction for his or her respective proportion of the amount due for that Claim; or
 - (b) if, whether due to any provision of the AIM Rules or otherwise ("lock-in"), it is not possible to sell those Consideration Shares at that time, transfer that number

of Consideration Shares to such person as the Purchaser may nominate as nominee for the Warrantor (who shall irrevocably instruct the nominee to sell such shares at such time as directed by the Purchaser following the expiry of the lock-in and remit the proceeds to the Purchaser) and such transfer shall be in full satisfaction for his or her respective proportion of the amount due for that Claim provided that any such sale or transfer shall not be effected in breach of the provisions of the Lock-in Deed.

- 8.5 The Warrantors shall have no liability in respect of a Claim unless the aggregate liability agreed or determined (excluding related interest and costs) in respect of all Claims exceeds £225,000, provided that if such aggregate liability exceeds that amount, then the Warrantors shall be liable for the whole of the liability and not just the excess.
- 8.6 No Claim shall be made against any of the Warrantors unless notice in writing is given by the Purchaser to each of the Warrantors giving such details of the Claim as are known:
- 8.6.1 on or before the date falling 1 year after Completion in respect of a Warranty Claim; or
- 8.6.2 on or before the date falling 6 years after the end of the current accounting period of the Company in respect of a Tax Claim.
- 8.7 The Warrantors shall have no liability in respect of any Warranty Claim to the extent arising from any matter, act, omission or circumstance fairly disclosed in the Disclosure Letter or in the documents annexed to it.
- 8.8 The exclusions and limitations set out in this clause 8 shall not apply in relation to Claims which arise, or to the extent to which they arise or are increased, as the consequence of, or which are delayed as a result of, fraud, wilful misconduct or wilful concealment by any of the Sellers or any of the directors of any Group Company.
- 8.9 The Warrantors shall not be liable for a claim for breach of any of the Warranties:
- 8.9.1 to the extent that allowance, provision or reserve is made in the Accounts or the Management Accounts for the liability to which the Claim relates;
- 8.9.2 to the extent that the Claim would arise or be increased as a result, after the date of this agreement, of:
- (a) the enactment of any legislation in the UK not in force at the date hereof which takes effect retrospectively;
 - (b) a judgement or change in the interpretation or application of any law or of any ruling or practice of any administrative authority (including taxing authorities);
 - (c) a change in the basis or method of calculation of Tax made after the date of this agreement which is retrospective in effect;
- 8.9.3 to the extent that the Purchaser or any Purchaser's Group Company recovers the amount of the loss suffered as a consequence of the breach of Warranty under any insurance policy;

- 8.9.4 to the extent that the liability to which the Claim relates is attributable to any act, omission, transaction or arrangement after Completion, which outside of the normal course of business of any Purchaser's Group Company (or persons deriving title from it) or any Group Company;
- 8.9.5 to the extent that the Purchaser or any Purchaser's Group Company shall have unreasonably admitted liability in respect of the circumstances giving rise to the claim without the previous written consent of the Warrantors.
- 8.10 If the Claim arises in connection with a liability of any Purchaser's Group Company which, at the time at which the claim is notified to the Warrantors, is contingent then the Warrantors will have no obligation to make any payment to the Purchaser in respect of the breach unless and until such time as the contingent liability ceases to be contingent and becomes an actual liability.
- 8.11 The amount of any liability of the Warrantors for any claim for breach of the Warranties shall be reduced by any sum directly referable to the loss or damage suffered by reason of the breach which is recovered by the Purchaser or any Purchaser's Group Company, otherwise than from the Warrantors (including, without prejudice to the generality thereof, any sum recovered under a policy of insurance), less the amount of any reasonable costs and expenses incurred in obtaining payment of that sum and of any Tax for which the Purchaser or Purchaser's Group Company may be liable by reason of its receipt of that sum; and if any of the Warrantors has paid the Purchaser any amount in respect of the breach of Warranty or before the recovery of that sum, the Purchaser shall repay to the Warrantors, or procure the repayment to it of the amount by which the liability of the Warrantor is so reduced.
- 8.12 If any matter which gives rise to a claim against the Warrantors under any of the Warranties comes to the notice of the Purchaser or any Purchaser's Group Company, the following provisions shall apply:
- 8.12.1 the Purchaser shall notify the Warrantors in writing of the matter with such details as are known to it;
- 8.12.2 neither the Purchaser nor any Purchaser's Group Company shall make any admission of liability or take any other action in connection with the matter without the previous written consent of the Warrantors (which shall not be unreasonably delayed or withheld); and
- 8.12.3 subject to each of the Purchaser and Purchaser's Group Companies being secured and indemnified to its reasonable satisfaction against all costs and expenses (including additional Tax) which might be incurred by it, the Purchaser and the Purchaser's Group Companies shall take all such reasonable steps as the Warrantors may reasonably request to mitigate its liability.
- 8.13 The Purchaser shall procure that the Company complies with the provisions of clause 8.9 insofar as may be necessary to give effect to them.
- 8.14 The Purchaser hereby confirms to the Warrantors that (save as disclosed in the Disclosure Letter) it is not aware of any matter or fact which could constitute a breach of

any of the Warranties or which could give rise to a Claim under the terms of this agreement and are not presently contemplating bringing a Claim.

- 8.15 Any payment made by the Warrantors to the Purchaser or to any Purchaser's Group Company in respect of claims under the Warranties shall be treated as a reduction of the consideration for the Shares.
- 8.16 If, in respect of or in connection with any Warranty Claim, any amount payable to the Purchaser by the Warrantors is subject to Tax, the amount to be paid to the Purchaser by the Warrantors shall be such as to ensure that the net amount retained by the Purchaser after Tax has been taken into account is equal to the full amount which would have been payable to the Purchaser had the amount not been subject to Tax; but nothing in this clause 8.16 shall impose a greater liability on the Warrantors than as set out in clauses 8.1 to 8.4 (inclusive).

9. TAX COVENANT

- 9.1 Subject to clause 9.2, the Warrantors hereby covenant to pay to the Purchaser an amount equal to any Liability to Tax (other than any stamp duty for which the Purchaser is liable in respect of this agreement) which the Purchaser or the Company may suffer, sustain or incur, or which may be made against any of the Purchaser or any Company in consequence of any Event occurring before Completion or in respect of any income, profits or gains which accrued, or which were earned or received on or before or in respect of a period or part period ending prior to Completion.
- 9.2 Clause 9.1 shall not cover any Liability to Tax;
- 9.2.1 to the extent that provision or reserve or allowance in respect of such Liability to Tax was made in the Accounts or payment of such Liability to Tax was taken into account in the Accounts or the Management Accounts; or
- 9.2.2 to the extent that such Liability to Tax arises or is increased as a result of any change in the practice of the Inland Revenue or Customs and Excise or of any changes in rates of Tax announced and made after the date of Completion but having retrospective effect; or
- 9.2.3 to the extent that such Liability to Tax arose in the ordinary course of business of the relevant member of the Group; or
- 9.2.4 to the extent that the amount by which any provision for Tax contained in the Accounts or the Management Accounts is proved at the date of the Claim to be in excess of the matter for which such provision was made.

10. RESTRICTIVE COVENANTS

- 10.1 For the purpose of this clause:-

the "Specified Period" means the period of twelve months from Completion;

the **"Relevant Services"** means providing financial and other business information by means of a Website or Websites on the World Wide Web in direct competition with the services being provided by the Company by that means on Completion;

the **"Company's Customers"** means any person firm or corporation who or which has at Completion or had within the period of twelve months prior to that date a party to a Relevant Agreement;

"Relevant Agreement" means any agreement or arrangement between the Company and any person, firm or company, involving the Company being paid by subscription or otherwise for providing such person, firm or company with access to information made available by the Company other than free of charge in the course of its business of providing Relevant Services or the Company being paid for placing information including, but not limited to, advertising information on a Website or Websites of the Company.

- 10.2 For the Specified Period, each Warrantor shall not either solely or jointly with or as agent officer employee director owner or shareholder of or by the provision of financial assistance or advice to any other person firm or corporation:
- 10.2.1 carry on or be engaged or interested in the business of providing Relevant Services save that any of them may hold alone shares in the Purchaser and may hold alone for investment up to 5 per cent in aggregate of any class of securities listed or traded on the London Stock Exchange (including the Alternative Investment Market or any other market operated by the London Stock Exchange) or any other recognised investment exchange (as that term is defined by the Financial Services Act 1986);
 - 10.2.2 seek or solicit or canvass or make any attempt to provide any of the Relevant Services to any of the Company's Customers;
 - 10.2.3 supply any of the Relevant Services to any of the Company's Customers;
 - 10.2.4 seek to persuade or induce any of the Company's Customers to terminate any Relevant Agreement or to refrain from entering into any agreement or arrangement falling within the foregoing definition of "Relevant Agreements";
 - 10.2.5 attempt to induce any person who is employed by the Company in a senior, executive, technical or sales capacity in relation to its business to leave the employment of the Company.
- 10.3 Each of the foregoing restrictions contained in the clause shall be a separate and severable restriction upon the Warrantors and in so far as any restriction relates to any specified period or any of the Company's Customers or any Relevant Services it shall be separate and severable from each such restriction in so far as it relates to any other of the Company's Customers or any other Relevant Services.
- 10.4 For the purpose of the clause the parties agree and each Warrantor acknowledges that the foregoing restrictions contained in the clause are considered by them to be reasonable in all the circumstances at the date of the Agreement.

- 10.5 Nothing in **clause 10** shall restrict or prohibit in any way the Warrantors from being engaged in or interested in whatever capacity (including as manager, agent or officer) directly or indirectly in HS Publishing Group Limited and/or Euro American Group Inc., their respective subsidiaries and their business (and any successors to them carrying on such business).
- 10.6 The restrictions contained in **clause 10** shall cease to have effect in the event that the Purchaser and/or the Company has an administrator, administrative receiver or liquidator appointed in respect of it.

11. OBLIGATIONS PRIOR TO COMPLETION

- 11.1 The Warrantors shall insofar as they are able as Shareholders in the Company procure that each member of the Group will continue its business in all material respects during the Interim Period in the same manner as it is presently carried on as regards the nature, scope and manner of conducting it and so as to maintain it as a going concern, and that each member of the Group will comply in all material respects with all requirements of law relating to the conduct of such business.
- 11.2 Each of the Warrantors shall promptly disclose to the Purchaser in writing any matter or thing of which he becomes actually aware, which arises or becomes known to him before Completion which in his reasonable opinion would be a material breach of the Warranties (on the assumption that the Warranties were repeated each day between the date of this Agreement and Completion).
- 11.3 Without limiting the generality of **clause 11.1**, the Warrantors undertake in so far as they are able as shareholders in the Company to the Purchaser that they shall procure that pending Completion save as expressly required by this agreement, none of the following matters has occurred or been undertaken or will occur or be undertaken in relation to any member of the Group without the prior written consent of the Purchaser (which shall not be unreasonably withheld or delayed):
- 11.3.1 the entry into or the variation of any contract or the assumption of any liability which is outside the ordinary course of the Business;
 - 11.3.2 the making of any material change in the nature, scope or organisation of the Business;
 - 11.3.3 the making of any loans or the grant of any credit (other than credit given in the normal course of trading and advances made to employees against expenses incurred by them on its behalf);
 - 11.3.4 the permitting of any insurances relating to the Business to lapse or the doing or omitting to do anything which could make any such insurance policy void or voidable;
 - 11.3.5 the entry into any agreement or arrangement which is not on arms' length terms;
 - 11.3.6 the taking of any action outside the ordinary course of business (as carried on at the date hereof) which could have a material adverse effect upon the Business;

- 11.3.7 the admission of any person whether by subscription or transfer as a member of the Company;
- 11.3.8 the reduction of the share capital, share premium account, capital redemption reserve or any other reserve of any member of the Group, the reduction of any uncalled liability in respect of partly paid shares of any member of the Group;
- 11.3.9 the taking of steps to wind up or dissolve any member of the Group;
- 11.3.10 the modification of any of the rights attached to any shares in any member of the Group or the creation or issue of any shares (other than pursuant to options in existence at the date of this agreement) or the grant or agreement to grant any option over any shares or uncalled capital of any member of the Group or the issue of any obligations convertible into shares;
- 11.3.11 the capitalisation or repayment of any amount standing to the credit of any reserve of any member of the Group or the redemption or purchase of any shares or any other reorganisation of the share capital of any member of the Group;
- 11.3.12 the sale or disposal of, or the grant or termination of any rights in respect of, any part of the undertaking or assets of any member of the Group other than pursuant to a legally binding obligation existing at the date of this agreement and disclosed in the Disclosure Letter;
- 11.3.13 the passing of any resolution by the members of the any member of the Group, including any alteration to the Memorandum or Articles of Association of the any member of the Group;
- 11.3.14 the giving by any member of the Group of any guarantee, indemnity or surety other than in the ordinary course of the respective business of the any member of the Group;
- 11.3.15 the making of any capital commitment by any member of the Group in excess of £100,000 in aggregate;
- 11.3.16 the acquisition by the any member of the Group of any shares of any other company or any interest in any partnership, consortium, association or joint venture;
- 11.3.17 other than for borrowing under the £3,000,000 facility granted to the Group by CRBF on 1 June 2000 (a copy of which is disclosed by the Disclosure Letter), the incurring of any additional borrowings or any other indebtedness (other than trade credit in the ordinary course of business) or the making or granting of any loan or any financial facility (other than intra-group);
- 11.3.18 the creation or issue or allowing to come into being (other than for liens arising by operation of law) of any further mortgage, charge or other encumbrance or security interest upon or over any part of the property of assets or uncalled capital of the any member of the Group or the creation or issue of any debenture or debenture stock or the obtaining of any advance or credit in any form, other than normal trade credit;
- 11.3.19 the commencement or settlement of any litigation or arbitration proceedings by any member of the Group (other than for the collection of debts not exceeding £20,000

per claim or £100,000 in aggregate and other than the settlement of the litigation by the Group against Interactive Investor International Limited).

11.3.20 the declaration or distribution of any dividend or other payment out of distributable profits of the any member of the Group; or

11.3.21 any agreement, conditional or otherwise, to do any of the foregoing.

11.4 The Purchaser undertakes that each Purchaser's Group Company will continue its business in all material respects during the Interim Period in the same manner as it is presently carried on as regards the nature scope and manner of conducting it and so as to maintain it as a going concern and that each Purchaser's Group Company will comply in all material respects with all requirements of law relating to the conduct of such business and pending Completion save as expressly required by this agreement, it will procure that none of the following matters will occur without the prior written consent of the CRBF and Peter Scott and Jill Meiring (which shall not be unreasonably withheld or delayed);

11.4.1 the entry into or the variation of any contract or the assumption of any liability which is outside the ordinary course of the business of the Purchaser's Group;

11.4.2 the making of any material change in the nature, scope or organisation of the business of the Purchaser's Group;

11.4.3 the sale or disposal of, or the grant or termination of any rights in respect of, any part of the undertaking or assets of any member of the Purchaser's Group other than pursuant to a legally binding obligation existing at the date of this agreement and disclosed in the Disclosure Letter or the negotiations to dispose of any of the existing businesses of the Purchaser's Group;

11.4.4 the commencement or settlement of any litigation or arbitration proceedings by any member of the Purchaser's Group (other than for the collection of debts not exceeding £20,000 per claim or £100,000 in aggregate);

11.4.5 the making of any loans or the grant of any credit (other than credit given in the normal course of trading and advances made to employees against expenses incurred by them on its behalf) by any Purchaser's Group Company;

11.4.6 the permitting of any insurances relating to the Purchaser to lapse or the doing or omitting to do anything which could make any such insurance policy void or voidable;

11.4.7 the entry into any agreement or arrangement which is not on arms' length terms by any Purchaser Group Company;

11.4.8 the taking of any action outside the ordinary course of the business of the Purchaser (as carried on at the date hereof) which could have a material adverse effect upon the Purchaser;

11.4.9 the reduction of the share capital, share premium account, capital redemption reserve or any other reserve of any Purchaser Group Company, the reduction of any uncalled liability in respect of partly paid shares of any Purchaser Group Company;

- 11.4.10 the taking of steps to wind up or dissolve any Purchaser Group Company;
- 11.4.11 the modification of any of the rights attached to any shares in any Purchaser Group Company or the creation or issue of any shares (other than pursuant to options in existence at the date of this agreement) or the grant or agreement to grant any option over any shares or uncalled capital of any Purchaser Group Company or the issue of any obligations convertible into shares;
- 11.4.12 the capitalisation or repayment of any amount standing to the credit of any reserve of any Purchaser Group Company or the redemption or purchase of any shares or any other reorganisation of the share capital of any Purchaser Group Company;
- 11.4.13 the passing of any resolution by the members of any Purchaser Group Company, including any alteration to the Memorandum or Articles of Association of any Purchaser Group Company;
- 11.4.14 the giving by any Purchaser Group Company of any guarantee, indemnity or surety other than in the ordinary course of the respective business of that Purchaser Group Company;
- 11.4.15 the making of any capital commitment by any Purchaser Group Company in excess of £100,000 in aggregate;
- 11.4.16 the acquisition by any Purchaser Group Company of any shares of any other company or any interest in any partnership, consortium, association or joint venture;
- 11.4.17 the incurring of any additional borrowings or any other indebtedness (other than trade credit in the ordinary course of business) or the making or granting of any loan or any financial facility (other than intra-group);
- 11.4.18 the creation or issue or allowing to come into being (other than for liens arising by operation of law) of any further mortgage, charge or other encumbrance or security interest upon or over any part of the property of assets or uncalled capital of any Purchaser Group Company or the creation or issue of any debenture or debenture stock or the obtaining of any advance or credit in any form, other than normal trade credit;
- 11.4.19 the amendment to the terms of any employees of or consultants to any Purchaser's Group Company; or
- 11.4.20 any agreement, conditional or otherwise, to do any of the foregoing.

12. PURCHASER WARRANTIES

- 12.1 The Purchaser warrants to the Warrantors in the terms of the statements set out in **schedule 5** as at the date of this agreement.
- 12.2 The Sellers acknowledge that their only remedy for any misrepresentation upon which they have relied in entering in this agreement (other than a fraudulent misrepresentation) shall be a claim for breach of the Purchaser's Warranties and, except for the Purchaser's Warranties, the Warrantors have not relied on any warranties or representations,

opinions, inducements, undertakings or indemnities of any description oral or written given by or on behalf of, or any documents, entered into by or on behalf of, the Purchaser, any Purchaser's Group Company or any agent of any or all of them.

- 12.3 The Purchaser agrees with the Warrantors to waive any right or remedy which the Purchaser may have against any Purchaser's Group Company in connection with the Purchaser's Warranties. The aggregate liability of the Purchaser for all Claims shall not exceed £4.2 million.
- 12.4 The Purchaser shall have no liability in respect of a Claim unless the aggregate liability agreed or determined (excluding related interest and costs) in respect of all Claims exceeds £225,000, provided that if such aggregate liability exceeds that amount, then the Purchaser shall be liable for the whole of the liability and not just the excess.
- 12.5 No Claim shall be made against the Purchaser unless notice in writing is given to the Purchaser on behalf of the Warrantors giving such details of the Claim as are known:
 - 12.5.1 save as set out in **clause 12.2** on or before the date falling 1 year after Completion; or
 - 12.5.2 on or before the date falling 6 years after the end of the current accounting period of the Purchaser where the Warranty Claim relates to any of the Warranties set out **paragraph 13 of schedule 5**.
- 12.6 The Purchaser shall have no liability in respect of any Warranty Claim to the extent arising from any matter, act, omission or circumstance fairly disclosed in the Circular.
- 12.7 The exclusions and limitations set out in this **clause 12** shall not apply in relation to Claims which arise, or to the extent to which they arise or are increased, as the consequence of, or which are delayed as a result of, fraud, wilful misconduct or wilful concealment by any of the Purchaser or any of the directors of any Purchaser's Group Company.
- 12.8 The Purchaser shall not be liable for a Claim for breach of any of the Warranties:
 - 12.8.1 to the extent that allowance, provision or reserve is made in the Purchaser's Accounts for the liability to which the Claim relates;
 - 12.8.2 to the extent that the Claim would arise or be increased as a result, after the date of this agreement, of:
 - (a) the enactment of any legislation in the UK not in force at the date hereof which takes effect retrospectively;
 - (b) a judgement or change in the interpretation or application of any law or of any ruling or practice of any administrative authority (including taxing authorities);
 - (c) a change in the basis or method of calculation of Tax made after the date of this agreement which is retrospective in effect;
 - 12.8.3 to the extent that arises from a matter contained in the Purchaser's Accounts or it arises from any matter contained in a search of the file at the Registrar of Companies in respect of any member of the Purchaser's Group two Business Days prior to the

date of this Agreement or it arises from a matter contained in the due diligence reports prepared for the Company in relation to the Purchaser's Group;

- 12.8.4 to the extent that any of the Warrantors or any Group Company recovers the amount of the loss suffered as a consequence of the breach of Warranty under any insurance policy;
- 12.8.5 to the extent that the liability to which the Claim relates is attributable to any act, omission, transaction or arrangement after Completion which is outside of the normal course of business of any Group Company (or persons deriving title from it);
- 12.8.6 to the extent that any of the Sellers or any Group Company shall have unreasonably admitted liability in respect of the circumstances giving rise to the claim without the previous written consent of the Warrantors.
- 12.9 If the Claim arises in connection with a liability of any Purchaser's Group Company which, at the time at which the claim is notified to the Purchaser, is contingent then the Purchaser will have no obligation to make any payment to the Warrantors in respect of the breach unless and until such time as the contingent liability ceases to be contingent and becomes an actual liability.
- 12.10 The amount of any liability of the Purchaser for any claim for breach of the Warranties shall be reduced by any sum directly referable to the loss damage suffered by reason of the breach which is recovered by the Warrantors, otherwise than from the Purchaser (including, without prejudice to the generality thereof, any sum recovered under a policy of insurance), less the amount of any reasonable costs and expenses incurred in obtaining payment of that sum and of any Tax for which the Warrantors may be liable by reason of its receipt of that sum; and if any of the Purchaser or Purchaser's Group Company has paid the Warrantors any amount in respect of the breach of Warranty or before the recovery of that sum, the Warrantors shall repay to the Purchaser or the Purchaser's Group Company, or procure the repayment to it of the amount by which the liability of the Purchaser or Purchaser's Group Company is so reduced
- 12.11 If any matter which gives rise to a claim against the Purchaser under any of the Warranties comes to the notice of the Warrantors, the following provisions shall apply:
 - 12.11.1 the Warrantor shall notify the Purchaser in writing of the matter with such details as are known to them;
 - 12.11.2 the Warrantors shall not make any admission of liability or take any other action in connection with the matter without the previous written consent of the Purchaser (which shall not be unreasonably delayed or withheld); and
 - 12.11.3 subject to each of the Warrantors and Group Companies being secured and indemnified to its reasonable satisfaction against all costs and expenses (including additional Tax) which might be incurred by it, the Warrantors and the respective Group Companies shall take all such reasonable steps as the Purchaser may reasonably request to mitigate its liability.
- 12.12 The Warrantors hereby confirm to the Purchaser that it is not aware of any matter or fact which could constitute a breach of any of the Warranties or which could give rise to a

Claim under the terms of this agreement and are not presently contemplating bringing a Claim.

- 12.13 If, in respect of or in connection with any Warranty Claim, any amount payable to the Warrantors by the Purchaser is subject to Tax, the amount to be paid to the Warrantors by the Purchaser shall be such as to ensure that the net amount retained by the Warrantors after Tax has been taken into account is equal to the full amount which would have been payable to the Warrantors had the amount not been subject to Tax; but nothing in this clause 12.13 shall impose a greater liability on the Purchaser than as set out in clauses 12.3.

13. ANNOUNCEMENTS

Each of the parties undertakes that it shall not make any announcement or issue any circular or other publicity relating to the existence or subject matter of this agreement without it being approved in writing by each of the other parties as to its content, form and manner of publication (such approval not to be unreasonably withheld or delayed) save that any announcement or circular required to be made or issued by either party by law or pursuant to the rules and regulations of the London Stock Exchange, the UK Listing Authority or the City Code on Takeovers and Mergers or other regulatory body may be made or issued by such party without such approval if it has first sought such approval and given the other party a reasonable opportunity to comment on the subject matter and the form of the announcement or circular (taking into account the timescale within which it is required to be released or despatched). The parties shall consult together upon the form of any such announcement or circular in relation to the subject matter of this agreement and the other party shall promptly provide such information and comment as the party making the announcement or sending out the circular may from time to time reasonably request.

14. OTHER PROVISIONS

- 14.1 Each of the parties shall pay its own costs and expenses (including legal fees and VAT (if any)) incurred by it in connection with the negotiation, preparation and execution of this agreement and the completion of the transactions contemplated by this agreement; save that, if this Agreement is completed, the Purchaser shall additionally pay the Sellers' Solicitors costs and expenses and those of Arthur Andersen in connection with such matters.
- 14.2 This agreement shall remain in full force and effect after Completion in respect of all obligations, agreements, covenants and undertakings contained in or implied by this agreement which have not been done, observed or performed at or prior to Completion and in respect of all warranties, representations and indemnities contained in this agreement.
- 14.3 No variation of this agreement shall be effective unless agreed in writing by or on behalf of each of the parties.

- 14.4.1 This agreement and any documents referred to in it contain the entire agreement and understanding between the parties in relation to the matters contemplated by this agreement and supersede all previous agreements between the parties in relation to such matters.
- 14.4.2 Each of the parties acknowledges that in entering into this agreement it has not relied on any representation, warranty, agreement or statement not set out in this agreement and that (in the absence of fraud) it will not have any right or remedy arising out of any such representation, warranty, agreement or statement.
- 14.5.1 No failure or delay to exercise, or other relaxation or indulgence granted in relation to, any power, right or remedy under this agreement of either party shall operate as a waiver of it or impair or prejudice it nor shall any single or partial exercise or waiver of any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy.
- 14.5.2 All rights of each of the parties contained in this agreement are in addition to all rights vested or to be vested in it pursuant to common law or statute.
- 14.6 Each of the provisions of this agreement is distinct and severable from the others and if at any time one or more of such provisions is or becomes invalid, unlawful or unenforceable (whether wholly or to any extent), the validity, lawfulness and enforceability of the remaining provisions (or the same provision to any other extent) shall not in any way be affected or impaired.
- 14.7 This agreement shall be binding on and enure to the benefit of each party and each party's personal representatives and/or other lawful successors and permitted assigns.
- 14.8 Neither Party may assign or transfer any of its rights, benefits and/or obligations under this agreement without the prior written consent of the other party.
- 14.9 This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which shall together constitute one and the same agreement.
- 14.10 Nothing in this agreement is intended to confer on any person any right to enforce any term of this agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

15. NOTICES

- 15.1 Each party may give any notice or other communication under or in connection with this agreement by letter or facsimile transmission addressed to the other party. The address for service of each party shall be the address set out in **clause 15.3** or such other address within the United Kingdom for service as the addressee may from time to time notify to the other party for the purposes of this clause or in the case of the Purchaser its registered office from time to time.

15.2 Any such communication will be deemed to be served:

15.2.1 if personally delivered, at the time of delivery and, in proving service, it shall be sufficient to produce a receipt for the notice signed by or on behalf of the addressee;

15.2.2 if by letter, at noon on the Business Day after such letter was posted (or, in the case of airmail, 5 Business Days after such letter was posted) and, in proving service, it shall be sufficient to prove that the letter was properly stamped first class (or airmail), addressed and delivered to the postal authorities; and

15.2.3 if by facsimile transmission at the time and on the day of transmission, and, in proving service, it shall be sufficient to produce a transmission report from the sender's facsimile machine indicating that the facsimile was sent in its entirety to the recipient's facsimile number.

15.3 Details of each party for service of notice are as follows:

Name:	Nabarro Nathanson
Address:	Lacon House Theobald's Road London WC1X 8RW
Fax no:	020 7524 6524
Tel no:	020 7524 6000
Attention:	Iain Newman

Name:	To each Sellers details of which are set out in schedule 1
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16. LAW AND JURISDICTION

16.1 This agreement, and all disputes or claims arising out of or in connection with it, shall be governed by and construed in accordance with English law.

16.2 The parties irrevocably and unconditionally agree that the High Court of Justice in England shall have exclusive jurisdiction over all disputes or claims arising out of or in connection with this agreement.

IN WITNESS of which this agreement has been duly signed and delivered on the date written at the beginning of this agreement.

SCHEDULE 1

Part 1

Details of the Sellers

Name and address of the Sellers	Number of Shares sold	Number of Consideration Shares
Co-operation Retirement Benefit Fund (L) Limited via San Simpliciano 1/12 Milan 20121 Italy	65,401,478	396,008,950
Peter Scott Briar Cottage Roman Landing West Wittering West Sussex PO20 8AZ	18,471,643	111,846,646
Jill Meiring 24 Overstrand Mansions Prince of Wales Drive London SW11 4EZ	18,846,592	114,116,979
Nazca Limited Partnership c/o Maples and Calder PO Box 304 Ugland House South Church Street Georgetown Grand Cayman	4,101,010	24,831,804
Frank Horack 16 Windsor Road Kew Richmond Surrey TW9 2EL	1,700,234	10,294,995

Alan Wheatley Highcroft 79 Kippington Road Sevenoaks Kent TN13 2LN	1,330,053	8,053,532
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Charles Jillings Brockholt The drive Tyrells Wood Surrey KT22 8QJ	125,000	756,881
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The Cardinal Trust PO Box 250 Grosvenor House 66-67 Athol Street Douglas Isle of Man IM99 2BJ	125,000	756,881
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666,666,667

Part 2

Details of the Company

Name:	hemscott.NET Group plc
Registered office:	City Innovation Centre, 2 nd Floor Finsbury Tower 103-105 Bunhill Row London EC1Y 8TY
Date and place of incorporation:	07.03.2000 United Kingdom
Registered number:	3945506
Directors:	Michael Grade, Rosalyn Wilton, Kevin O'Byrne, Charles Jillings, Winston Fletcher
Secretary:	Nicholas Loney
Authorised share capital:	£2,000,000 divided into 200,000,000 ordinary shares of 1p each
Issued share capital:	110,101,010 ordinary shares all fully paid or credited as fully paid

Shareholders: as above
Accounting reference date: 31 December
Auditors: Arthur Andersen

Part 3

Details of the Subsidiaries

Name: Hemmington Scott Limited
Registered office: City Innovation Centre
2nd Floor, Finsbury Tower,
103-105 Bunhill Row,
London EC1Y 8TY
Date and place of incorporation: 02.12.1999 United Kingdom
Registered number: 3887856
Directors: Kevin O'Byrne
Rosalyn Wilton
Secretary: Nicholas Loney
Authorised share capital: £1,000 divided into 1,000 ordinary shares of £1 each
Issued share capital: One ordinary share fully paid or credited as fully paid
Shareholders: hemscott.NET Group plc
Accounting reference date: 31st December
Auditors:

Name: Hemscott Luxury Limited
Registered office: City Innovation Centre
2nd Floor, Finsbury Tower
103-105 Bunhill Row
London EC1Y 8TY
Date and place of incorporation: 28.02.2000 United Kingdom
Registered number: 3934415
Directors: Steven Phillips
Rosalyn Wilton

Secretary: Nicholas Loney
Authorised share capital: £1,000 divided into 1,000 ordinary shares of £1 each
Issued share capital: One ordinary share fully paid or credited as fully paid
Shareholders: hemscott.NET Group plc
Accounting reference date: 31st December
Auditors:

Name: Hemscott Investment Analysis Limited

Registered office: City Innovation Centre
2nd Floor, Finsbury Tower
103-105 Bunhill Row
London EC1Y 8TY

Date and place of incorporation: 14.05.1998 United Kingdom

Registered number: 3563522

Directors: Rosalyn Wilton
Kevin O'Byrne

Secretary: Nicholas Loney

Authorised share capital: £100,000 divided into 100,000 ordinary shares of £1 each

Issued share capital: 10,000 ordinary shares fully paid or credited as fully paid

Shareholders: hemscott.NET Limited

Accounting reference date: 31st December

Auditors:

Name: hemscott.NET Limited

Registered office: City Innovation Centre
2nd Floor, Finsbury Tower
103-105 Bunhill Row
London EC1Y 8TY

Date and place of incorporation: 09.12.1999 United Kingdom

Registered number: 3891128

Directors:	Rosalyn Wilton
	Kevin O'Byrne
	Charles Jillings
Secretary:	Nicholas Loney
Authorised share capital:	£799,881.96 divided into 240,000,000 ordinary shares of 0.392099 pence each
Issued share capital:	107,040,404 ordinary shares fully paid or credited as fully paid
Shareholders:	hemscott.NET Group plc
Accounting reference date:	31 st December

SCHEDULE 2

Properties

1. Leasehold properties

Description of Property	:	Second Floor Finsbury Tower 103-105 Bunhill Row London EC1Y 8TY
Title	:	Unregistered
Owner	:	Dari Development Corporation S.A.
Lease	:	Lease dated 26 th April 2000 and made between Dari Development Corporation (1) and hemscott.NET Limited (2) for a term of 15 years starting on 17 April 2000 and expiring on 16 April 2015.
New tenancy		The tenancy created by the lease is a new tenancy within the meaning of section 1 of the LTCA.
Current landlord	:	Dari Development Corporation S.A.
Current rent	:	£501,600 per annum
Rent review pattern	:	Next review on 17 April 2005 and then every five years.

2. Properties held on licence

Description of Property	:	City Innovation Centre
Owner	:	HS Financial Publishing Limited
Licence	:	Licence dated 7 th December 1999 and made between Hemscott Limited (novated to hemscott.NET Limited) and the Owner as extended by letters dated 22nd May 2000 and 30 th June 2000
Period	:	6 months from 7 th December 1999 as extended from 6 th June to 30 th June 2000 and then, in respect of 4,630 sq. ft, to 31 st August 2000
Licence fee	:	£18,000 per calendar month
Current Use	:	Main use offices;

SCHEDULE 3

Part 1

General Warranties

1. INFORMATION

- 1.1 All information contained in **schedules 1 and 2** is true, accurate and not misleading.
- 1.2 The documents attached to the Disclosure Letter are true and complete copies of the originals.
- 1.3 All statements (other than expressions of opinion, intention and expectation) contained in the Circular relating to the Group are true and accurate in all material respects and are not misleading in any material respect and all forecasts, expressions of opinion, intention and expectation contained in the Circular relating to the Group are fair and honest in all material respects and are made on reasonable grounds after due and proper consideration and represent reasonable expectations on the part of the Purchaser.
- 1.4 So far as the Warrantors are aware there are no facts not disclosed in the Circular relating to the Group:
 - 1.4.1 the omission of which would make any statement or expression in the Circular misleading or which is material for disclosure to a prospective allottee of any Ordinary Shares; or
 - 1.4.2 the omission of which invalidates or qualifies any assumption made in support of any statement or forecast made in the Circular.
- 1.5 The copy of the memorandum and articles of association of each Group Company delivered to the Purchaser by or on behalf of the Sellers is accurate and complete and has attached to it a copy of every resolution or agreement required by the Companies Act to be so attached.

2. SHARE CAPITAL

- 2.1 The Company is the registered holder and beneficial owner of all the issued and all the allotted share capital of each of the Subsidiaries.
- 2.2 The Shares constitute all the issued and all the allotted share capital of the Company and the Shares and all issued and all allotted shares in the capital of each of the Subsidiaries are fully paid or credited as fully paid.
- 2.3 No person has or has claimed any right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, issue, sale or transfer of any share or loan capital of any Group Company.

- 2.4 The shares in each Subsidiary are free from all claims, liens, charges, equities, encumbrances and adverse rights of any description.
- 2.5 No Group Company has at any time:
- 2.5.1 repaid or redeemed or agreed to repay or redeem any shares of any class of its share capital or otherwise reduced or agreed to reduce any class of its issued share capital or purchased any of its own shares or carried out any transaction having the effect of a reduction of capital;
 - 2.5.2 made or resolved or agreed to make any issue of shares or other securities by way of capitalisation of profits or reserves; or
 - 2.5.3 given any financial assistance in contravention of section 151 of the Companies Act.
- 2.6 Save for the interests disclosed in **schedule 1**, no Group Company is or has ever been the holder or beneficial owner of nor has it agreed to acquire:
- 2.6.1 any share or loan capital of any corporate body (whether incorporated in the United Kingdom or elsewhere);
 - 2.6.2 any interest in any firm, partnership, association, organisation or trust.
- 2.7 No Group Company controls or takes part in the management of any corporate body, firm, partnership, association, organisation or trust (other than another Group Company).

3. LITIGATION AND COMPLIANCE

- 3.1 No Group Company or person for whose acts or defaults any Group Company may be vicariously liable is engaged whether as plaintiff or defendant or otherwise in any material legal action, tribunal or other proceedings or arbitration and no Group Company is being prosecuted for any criminal offence.
- 3.2 No Group Company has received written notice that such proceedings as are described in **paragraph 3.1** are pending or threatened against any Group Company or person for whose acts or defaults any Group Company may be vicariously liable.
- 3.3 There is no material order, decree or judgment of any court or any governmental agency or regulatory body outstanding against any Group Company and no material undertaking or assurance given to any court or governmental agency or regulatory body in relation to any Group Company is still in force.
- 3.4 Save in relation to the Properties and save in relation to the Data Protection Acts no Group Company has received written notice that it has failed to obtain any licences, authorisations, consents, permits and approvals which are material and are required for the carrying on of the business of each Group Company in the places and in the manner in which such respective business is now carried on.

- 3.5 No Group Company has received any written notice that it has failed in any material respect duly to comply with all laws and other rules and regulations having mandatory effect in relation to the conduct of its business.
- 3.6 No Group Company has been notified that any governmental or official investigation or enquiry concerning any Group Company is in progress or threatened.
- 3.7 All returns, resolutions and other documents which any Group Company is required by law to deliver to the Registrar of Companies have been duly delivered.
- 3.8 The registers of members, directors, directors' interests, secretaries, charges, allotments and share transfers and the minute books of each Group Company required to be maintained by any Group Company under the Companies Act:
- 3.8.1 are in the possession or under the control of a Group Company;
- 3.8.2 duly and properly record all matters required by law to be recorded in them; and
- 3.8.3 no Group Company has been notified that any of them is incorrect or should be rectified.
- 3.9 Each Group Company has complied with the provisions of its memorandum and articles of association and has not entered into any ultra vires transaction.
- 3.10 In relation to the provisions of the Data Protection Acts 1984 and 1998:
- 3.10.1 each Group Company which is required to do so has duly registered or applied to be registered or notified;
- 3.10.2 no Group Company has received notice of any material complaint or investigation regarding their obtaining, use and exploitation of personal data.
- 3.11 In the 12 months before the date of this Agreement there have been no material claims, investigations or proceedings made or threatened against any Group Company or any Group Company's directors, officers or employees in respect of accidents, injuries, disease or any other harm to the health and safety of employees, contractors or other persons made under or as a result of breach of Health and Safety Laws.

4. EFFECT OF AGREEMENT

Execution, delivery and performance of this agreement and all documents in the Agreed Form will not:

- 4.1 other than for any arrangement (if any) made by any Seller in respect of those Shares registered in his name, give rise to or cause to become exercisable any right of pre-emption relating to the Shares or the shares in any of the Subsidiaries; or
- 4.2 so far as the Warrantors are aware relieve any person of any obligation to any Group Company (whether contractual or otherwise) or enable any such obligation or any right or benefit enjoyed by any Group Company to be terminated; or

- 4.3 so far as the Warrantors are aware result in a breach of or constitute a default under any written or oral agreement or arrangement to which any Group Company is a party; or
- 4.4 so far as the Warrantors are aware cause any written or oral agreement or arrangement between any Group Company and any other person which is material to the business of the Group (taken as a whole) to be terminated or modified or require any payment to be made to such other person (and no such agreement or arrangement includes any provision with respect to a change in the control, management or shareholders of any Group Company); or
- 4.5 so far as the Warrantors are aware entitle any person to receive from any Group Company any finder's fee, brokerage or commission; or
- 4.6 save as provided by this agreement and the documents in the Agreed Form, give any director or Senior Employee of any Group Company the right summarily to terminate his employment or so far as the Warrantors are aware cause any payment or benefit to be made or given by any Group Company to any such person.

5. ACCOUNTS AND RECORDS

5.1 Accounts

- 5.1.1 The copy of the Accounts annexed to the Disclosure Letter is a true and complete copy.
- 5.1.2 Save (if at all) as noted therein, the Accounts were prepared under the historical cost convention and in accordance with the Companies Act and Accounting Standards and accounting principles, policies and practices generally accepted in the United Kingdom at the date on which the Accounts were approved by the directors.
- 5.1.3 The Accounts show a true and fair view of the assets and liabilities and state of affairs of the Group at the Accounts Date and of the profit or loss and cash flow for the period then ended.
- 5.1.4 Each Group Company has paid to the Auditors and any previous auditors all amounts due by way of professional fees and disbursements and has received confirmation from the Auditors that no further amounts are payable in respect of professional services rendered by them on or before the Completion Date.

5.2 Records

- 5.2.1 All the accounts, books, registers, ledgers and financial and other records of each Group Company are in the possession of a Group Company and have been kept and completed in all material respects and there are no material inaccuracies or discrepancies of any kind contained or reflected in them.
- 5.2.2 Where any of the books and other records referred to in **paragraph 5.2.1** of any Group Company are kept on computer, the relevant Group Company is the owner of all hardware and all software licences necessary to enable it to use such books, accounts and records in the manner in which they have been used prior to the date of

this agreement and no Group Company shares any such hardware or software with any other person.

- 5.2.3 The accounting reference date of the Company has not at any time been any date other than that stated in **schedule 1**.

5.3 **Management Accounts**

- 5.3.1 The copy of the Management Accounts annexed to the Disclosure Letter is a true copy of the Management Accounts and the Management Accounts are not materially inaccurate having regard to the form and manner of their preparation.

6. **CURRENT TRADING**

6.1 **Business since the Accounts Date**

Since the Accounts Date:

- 6.1.1 each Group Company has carried on its business in the ordinary and usual course, without interruption or alteration in nature, scope or manner and so as to maintain it as a going concern;
- 6.1.2 no dividend or other distribution of capital or income has been declared, made or paid or agreed or resolved to be declared, made or paid by any Group Company;
- 6.1.3 there has been no material adverse change in the turnover, financial or trading position of the Group;
- 6.1.4 so far as the Warrantors are aware, no Group Company has acquired or disposed of or agreed to acquire or dispose of any business or any material asset other than trading stock in the ordinary and usual course of its business or assumed or incurred or agreed to assume or incur any capital commitments or material liabilities;
- 6.1.5 so far as the Warrantors are aware, each Group Company has paid its creditors in accordance with the normal practice of the Group in the period to which the Accounts relate;
- 6.1.6 so far as the Warrantors are aware no creditor has threatened proceedings or to withdraw or stop supplying the Group as the result of this agreement;
- 6.1.7 so far as the Warrantors are aware, no Group Company has paid any service, management or similar charge or any interest or amount in the nature of interest to any person other than a Group Company or incurred any liability to make such a payment;
- 6.1.8 no resolutions of shareholders or of any class of shareholders of any Group Company have been passed (other than ordinary business conducted at an annual general meeting).

6.2 **Business matters**

- 6.2.1 No Group Company has any branch, agency or place of business outside the United Kingdom.

- 6.2.2 No Group Company carries on business under any name other than its corporate name or the names Hemmington Scott, Hemscott, hemscottlegal and hemscottinvest.
- 6.2.3 Any investment business within the meaning of section 1 of the Financial Services Act 1986, carried on by the Group has been carried on by Hemscott Investment Analysis Limited.

7. CONTRACTS

7.1 Material contracts

So far as the Warrantors are aware no Group Company is party to any outstanding contract, arrangement or obligation (including a capital commitment):

- 7.1.1 of an unusual or abnormal nature or entered into otherwise than in the ordinary and usual course of its business and by way of bargain at arm's length; or
- 7.1.2 contains conditions or obligations on any Group Company which it is unable to fulfil or discharge without incurring undue expenditure or commitment of resources;
- 7.1.3 is incapable of termination by the respective Group Company or less than three months' notice without compensation party or otherwise;
- 7.1.4 which involves or relates to any of the Sellers or any Connected Person of any of the Sellers.

7.2 Contractual position

- 7.2.1 So far as the Warrantors are aware, no Group Company has given any power of attorney or similar authority which remains in force and no person, as agent or otherwise, is entitled or authorised to bind or commit any Group Company in any way (other than its directors and officers) in the ordinary and usual course of that Group Company's business.
- 7.2.2 So far as the Warrantors are aware, there are no grounds, including the transaction contemplated by this agreement, for termination, rescission, avoidance or repudiation of any material agreement or other transaction to which any Group Company is a party and the termination of which would cause a material disruption to the ongoing running of the Business.

7.3 Restrictive agreements

- 7.3.1 So far as the Warrantors are aware no Group Company is party to any agreement, which restricts its freedom to carry on the whole or any part of its business in any part of the world in the manner in which it is now carried on.

7.4 Terms of trade and business

- 7.4.1 No Group Company has entered into any material agreement or arrangement with any customer on terms materially different to its standard terms of business.

7.4.2 So far as the Warrantors are aware, each Group Company has observed and performed all the terms and conditions on its part to be observed and performed under all contracts necessary for the continued operation of the Business.

7.4.3 No offer, quotation, tender or other invitation which is capable of being converted into a material obligation of any Group Company by an acceptance or other act of some other person is outstanding, except in the ordinary and usual course of its business.

7.5 Defective services

7.5.1 So far as the Warrantors are aware, no notice has been received by any Group Company to the effect that any Group Company is in default under any of its contracts or in relation to any services supplied by it or in respect of any other obligations or restrictions binding on it in relation to its business nor has any Group Company waived any rights or privileges it may have under any contract.

7.6 Insurance

7.6.1 Complete and accurate copies of all insurance policies taken out in connection with the business or assets of any Group Company have been disclosed to the Purchaser, are written in the name of a Group Company and are in full force and effect and all premiums due and payable in respect of such policies have been duly paid.

7.6.2 So far as the Warrantors are aware, no Group Company has done or omitted to do or allowed anyone to do or not to do anything which might render any of its insurance policies void or voidable and each Group Company has complied in all material respects with all conditions attached to such policies.

8. ASSETS

8.1 Save as disclosed in the Disclosure Letter no Group Company has acquired any material asset under lease, hire, hire purchase, credit or conditional sale or sale on deferred terms, factoring or similar arrangement (for this purpose a material asset means any asset the original cost of which exceeds £50,000) and so far as the Warrantors are aware in respect of any such arrangement disclosed there has been no default by any Group Company in the performance of its obligations.

8.2 The assets owned or used by each Group Company comprise all the assets required to enable the relevant Group Company to carry on its business in the ordinary and usual course without assistance from any other person.

8.3 No Group Company is owed any money other than trade debts incurred in the ordinary and usual course of business and cash at bank.

8.4 All the title deeds relating to the assets of each Group Company, and an executed copy of all subsisting written agreements to which a Group Company is a party and which are material to the Business of the Group taken as a whole Company are in its possession (or possession of the Sellers' Solicitors) or under its control.

9. INTELLECTUAL PROPERTY

- 9.1 The trade marks "HEMSCOTT", "HEMMINGTON SCOTT" and "HEMSCOTT NET" (button logo) are in the course of registration and the Company has not been notified that there are grounds for the non-registration of any of them.
- 9.2 A Group Company has full right and authority to use all computer software used in connection with, and which is material to, the Business.
- 9.3 No Group Company has received written notice that the operations carried on by it infringes any Intellectual Property of any other person or shall or may give rise to payment by it of any royalty or any sum in the nature of a royalty or liability to pay compensation pursuant to any applicable legislation.
- 9.4 Otherwise than in the ordinary course of business or in circumstances where a confidentiality arrangement has been agreed with the recipient each Group Company has in its possession or control all its know how, trade secrets, confidential information and lists of customers and suppliers and has not disclosed or permitted to be disclosed to any person (other than the Purchaser and the employees of the Group) any of the same which is material.
- 9.5 No Group Company has received written notice that it currently infringes any material Intellectual Property Rights owned by any other person and, save as set out in the Circular and so far as the Warrantors are aware, no person is infringing or has infringed any Intellectual Property Rights owned by a Group Company.
- 9.6 None of the Group's records, systems, contacts, data or information are recorded, stored, maintained or operated by, or otherwise wholly or partly dependent upon, any facilities (including any electronic, mechanical or photographic processes whether computerised or not) which (including all means of access thereto and therefrom) are not under the direct control of the Company.
- 9.7 The Computer System has adequate capability and capacity for the current requirements of the Group for the processing and other functions required to be performed by each Group Company in the conduct of the Business. Each Group Company has the full right and authority to use all of the computer programs which form elements of the Computer System and which are used by it in the conduct of Business.
- 9.8 No Group Company has received a written notice that it has not complied with the provisions of all applicable legislation and principles in the UK regarding the use and protection of all personal data which has been collected by and or is used by the Group Company. Hemscott.NET Limited is in the course of being registered under such legislation in the UK and has operated wholly within the terms of such registrations. No individual has claimed compensation from any Group Company regarding its collection and/or use of any personal data.

10. PROPERTIES

10.1 General

The Properties are all the immovable properties owned, occupied or used by any Group Company or in respect of which any Group Company has any estate, interest, right or liability (whether contingent, secondary or otherwise).

10.2 Encumbrances and adverse interests

- 10.2.1 There is no mortgage, charge or lien (whether legal or equitable, fixed or floating), or other right in the nature of security over any Property or the title documents, nor any agreement or commitment to create any of the same.

11. FINANCE

11.1 Borrowings

- 11.1.1 No Group Company has any outstanding loan capital or any overdraft, loan and other financial facilities available to it.
- 11.1.2 No Group Company has engaged in any borrowing or financing not required to be reflected in the Accounts (or the audited accounts of the Subsidiaries as at and to the Accounts Date) nor since the Accounts Date has any Group Company engaged in any borrowing or financing required to be reflected in its audited accounts for the current financial year.

11.2 Guarantees and security

- 11.2.1 No Group Company has entered into or agreed to enter into any guarantee, indemnity, warranty, bond or other agreement to secure an obligation of another person.

11.3 Grants

- 11.3.1 Details of all investments, grants or subsidies which have been received or are receivable by any Group Company are set out in the Disclosure Letter.

12. EMPLOYEES

12.1 General

- 12.1.1 The Disclosure Letter sets out all material facts and matters relating to the employment of all Directors and Senior Employees and engagement of all consultants of each Group Company including, without limitation:
- (a) details of each person's salary, age, length of service, notice period, terms and conditions of employment and benefits including redundancy entitlements, entitlements under share incentive schemes, share option schemes or profit share schemes and any entitlement to commission or bonus or remuneration by reference to turnover, profits or sales or any other arrangements whether in

writing, discretionary or otherwise and whether by custom or practice or otherwise;

- (b) copies of all contracts of employment between any Group Company and Directors or Senior Employees;
- (c) full details of the termination arrangements for any Director or Senior Employee of any Group Company; and
- (d) copies of all consultancy agreements entered into by any Group Company.

12.1.2 Full particulars have been disclosed in the Disclosure Letter of all loans and other such benefits enjoyed by any employee, former employee, officer, consultant or agent of any Group Company and of all contracts, transactions and arrangements made or entered into by any Group Company and to which any of sections 330 (general restrictions on loans, etc to directors and persons connected with them) to 338 (loan or quasi-loan by money lending company) of the Companies Act applies.

12.1.3 No person is a shadow director (within the meaning of section 741 of the Companies Act) of any Group Company.

12.2 Compliance

So far as the Warrantors are aware, each Group Company has in relation to each of its present and former officers and employees:

12.2.1 complied with its obligations under all relevant laws, rules, regulations and codes of practice having mandatory effect relevant to its relations with employees and trade unions and/or employee representatives (including but without limitation any concerning health and safety at work) and with any collective agreements from time to time in force and with the conditions of service of the relevant employee;

12.2.2 complied with its obligations to pay salaries, wages, commissions, bonuses, overtime pay, holiday pay, sick pay, accrued entitlement under incentive schemes and other benefits of or connected with employment up to the date of this agreement;

12.2.3 paid all income tax due and payable under the PAYE system and payments due and payable in respect of national insurance contributions (including employer's contributions) after making the required deductions from salary, wages and bonuses paid by the relevant Group Company;

12.2.4 maintained adequate and suitable records regarding service, PAYE and National Insurance deductions; and

12.2.5 not incurred any liability in respect of any accident or injury which is not fully covered by insurance and full particulars of all accidents or injuries and of any claims pending or threatened are set out in the Disclosure Letter.

12.3 Employment and consultancy agreements

12.3.1 Other than in relation to the Directors and Senior Employees, no Group Company has entered into:

- (a) any contract of employment which is not terminable by the relevant Group Company by 3 months' notice or less without compensation (save as provided by statute);
- (b) any agreement or arrangement for services which is not terminable by the relevant Group Company by one month's notice or less without compensation; or
- (c) any agreement or arrangement for provision of compensation on termination of employment of an employee of a Group Company in excess of that required by statute.

12.4 Disputes

- 12.4.1 No Group Company is liable to make any material payment to any present or former officer or employee by way of damages or compensation for loss of office or employment or redundancy or unfair dismissal and there are no industrial tribunal claims outstanding nor any claims pending or threatened against any Group Company by or in relation to any of its employees or former employees.
- 12.4.2 No Group Company has received written notice from any employee or former employee of any Group Company claiming any right or ownership of any material invention or improvement made by him in the course of his employment with the relevant Group Company.
- 12.4.3 So far as the Warrantors are aware there are no enquiries or investigations pending or threatened against any Group Company by the Equal Opportunities Commission or the Commission for Racial Equality or in relation to the Disability Discrimination Act 1995.
- 12.4.4 Since the Accounts Date no Senior Employee of any Group Company has given notice of termination of his employment or has been given notice of dismissal whether for redundancy or otherwise.
- 12.4.5 There are no material current or outstanding actions being taken in respect of disciplinary or grievance matters.
- 12.4.6 No Group Company has in the past 2 years acquired or agreed to acquire any undertaking or part of an undertaking to which the Transfer of Undertakings (Protection of Employment) Regulations 1981 apply or will apply.

13. PENSIONS

- 13.1 Full particulars of the pension arrangements of the employees have been disclosed.
- 13.2 Save for the pension arrangements disclosed to the Purchaser no member of the Group is a party to or contributing to any retirement benefits, pension or life assurance scheme or arrangement, fund or personal pension scheme whether in the United Kingdom or overseas relating to any of its present or past directors or employees or those claiming through them or under any legal or ex-gratia obligation or obligation established by custom to provide any retirement, death, disability, accident, or sickness pension or

payment to or in respect of any such director, or employee or person claiming through them. No proposal has been announced or implied to establish or contribute to any other such scheme or fund.

14. SELLERS AND CONNECTED PERSONS

- 14.1 No Seller has any interest, directly or indirectly, in any business which competes with any Group Company or which is or is likely to be competitive with the Business.
- 14.2 No Seller is a party to any outstanding agreement or arrangement for the provision of any goods or services to any Group Company.
- 14.3 No indebtedness (actual or contingent) and no agreement or arrangement (written or oral) is outstanding between any Group Company and any Seller and/or any of the directors of any Group Company.
- 14.4 No Seller is entitled to make any claim against any Group Company or any of the officers or employees of any Group Company.
- 14.5 No Group Company has been a party to any transaction to which any of the provisions of sections 320 (substantial property transactions involving directors, etc.) or 322 (liabilities arising from contravention of section 320) of the Companies Act may apply.

15. INSOLVENCY

- 15.1 No administrative receiver or manager has been appointed in respect of the whole or any part of the assets or undertaking of any Group Company.
- 15.2 No petition has been presented or order made for the administration of any Group Company.
- 15.3 No meeting has been convened at which a resolution is to be proposed, no resolution has been passed, no petition has been presented and no order has been made for the winding up of any Group Company.
- 15.4 No Group Company has stopped or suspended payment of its debts or become unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986.
- 15.5 No unsatisfied judgment, order or award is outstanding against any Group Company and no written demand under section 123(1)(a) of the Insolvency Act 1986 has been made against any Group Company and no distress or execution has been levied on, or other process commenced against, any material assets of any Group Company.
- 15.6 No voluntary arrangement has been proposed or entered into under section 1 of the Insolvency Act 1986 in respect of any Group Company.
- 15.7 No Group Company has entered into or proposes to enter into any arrangement, assignment, reconstruction or composition with any of its creditors.

- 15.8 There are no circumstances known to the Warrantors which would entitle any person to present a petition for the winding up or administration of any Group Company or to appoint a receiver or manager over the whole or any part of any Group Company's undertaking or assets.

SCHEDULE 3

Part 2

Taxation Warranties

1. ADMINISTRATION AND RETURNS

1.1 Provision for Tax

Each Group Company has no liability for Tax (whether actual, deferred or contingent) in respect of any financial period down to and including the Accounts Date referable to profits (including income and gains) made or deemed to have been made on or before the Accounts Date which has not been provided for or disclosed in the Accounts.

1.2 Payment of Tax

Each Group Company has duly paid all Tax which it has become liable to pay.

1.3 Interest/penalties

No Group Company is under any liability to pay any interest, penalty, fine or default surcharge in connection with any Tax.

1.4 Returns

Each Group Company has made all returns and supplied all notices, accounts and information for the purposes of Tax required to have been made or supplied to any Tax Authority.

1.5 Disputes

No Group Company has been notified in writing by any Tax Authority that any of the returns, notices, accounts and information made by it has been disputed by any Tax Authority.

1.6 Investigations

No Group Company has been notified in writing by any Tax Authority that any of its affairs have been the subject of any dispute, investigation or discovery by or with any Tax Authority.

2. EMPLOYMENT TAXES

- 2.1** Each Group Company has duly paid and accounted for all sums payable to the Inland Revenue in respect of income assessable to income tax under schedule E (including any sums payable in respect of benefits provided to the relevant Group Company's employees or former employees) under section 203 of the Taxes Act and all regulations made under it.

- 2.2 Each Group Company has duly paid and accounted for all National Insurance contributions required of it under the provisions of the Social Security Contributions and Benefits Act 1992 (as amended) and regulations made under it.
- 2.3 Each Group Company has correctly operated:
 - 2.3.1 a statutory sick pay scheme in accordance with the provisions of the Social Security and Contributions and Benefits Act 1992 and the regulations made under it;
 - 2.3.2 a statutory maternity pay scheme in accordance with the provisions of the relevant UK or European Community legislation.
- 2.4 Each Group Company has complied with the provisions of section 85 of the Finance Act 1988 (duty to furnish returns where person acquires shares in a company in certain circumstances).
- 2.5 No Group Company is or has been a party to any arrangement which has been, is being or may be challenged under any relevant UK or European Community legislation relating to employment taxes.

3. STAMP DUTY AND STAMP DUTY RESERVE TAX

- 3.1 All documents which are required to be stamped and which are in the possession or under the control of any Group Company or to which any Group Company is a party have been properly stamped and the appropriate stamp duty has been paid.
- 3.2 The Disclosure Letter contains details of the contains details of the claims Group Companies have made for relief from stamp duty under section 42 of the Finance Act 1930 and section 75 and 77 of the Finance Act 1986.

4. VALUE ADDED TAX

- 4.1 The hemscott.NET Limited is a taxable person for the purposes of VAT and is duly registered.
- 4.2 Each Group Company has at all times issued tax invoices correct in all material respects to all persons properly requiring the same in respect of its taxable supplies either by way of goods or of services and has likewise requested and received all appropriate tax invoices from its suppliers and others and has kept all necessary records and documents required to complete and verify its quarterly VAT returns.
- 4.3 Each Group Company has complied in all material respects with the VAT legislation and all regulations, notices, orders, provisions, directions and conditions relating to VAT.
- 4.4 No Group Company is in arrears with any payments or returns under such legislation or liable to any abnormal or non-routine payment or any forfeiture, penalty, interest or surcharge or to the operation of any penal, interest or surcharge provisions contained in such legislation.

- 4.5 No Group Company is or has been partially exempt for VAT purposes.
- 4.6 No Group Company has been required by the Commissioners of HM Customs and Excise to give security.
- 4.7 There is not nor has there at any time been in force a group or similar election for VATA purposes in relation to any Group Company and no Group Company has been the subject of an application for group registration.

SCHEDULE 4

Agreed form documents

Power of attorney to vote pending registration of the transfer of the Shares

Letter of release of obligations and indebtedness

Completion board minutes of the Company and the Subsidiaries

Option Undertaking

Option Agreements

Lock-in Deed

Termination Agreements

SCHEDULE 5

Warranties Relating to the Purchaser

1. INFORMATION

- 1.1 All statements (other than expressions of opinion, intention and expectation) contained in the Circular relating to the Purchaser's Group are true and accurate in all material respects and are not misleading and all forecasts, expressions of opinion, intention and expectation contained in the Circular relating to the Purchaser's Group are fair and honest in all material respects and are made on reasonable grounds after due and proper consideration and represent reasonable grounds after due and proper consideration and represent reasonable expectations on the part of the Purchaser.
- 1.2 There are no facts not disclosed in the Circular relating to the Purchaser's Group -
 - 1.2.1 the omission of which would make any statement or expression in the Circular misleading or which is material for disclosure to a prospective allottee of any of the Consideration Shares; or
 - 1.2.2 the omission of which invalidates or qualifies any assumption made in support of any statement or forecast made in the Circular.

2. CAPACITY

The Purchaser has full power and authority without requiring the consent of any person to enter into and, subject to the fulfilment of the Condition, perform its obligations under this agreement and all documents in Agreed Form requiring execution by the Purchaser.

3. SHARE CAPITAL

- 3.1 The Purchaser is the registered holder and beneficial owner of all the issued and all the allotted share capital of each Purchaser's Group Company.
- 3.2 The issued shares of the Purchaser shown by the Purchaser's Accounts constitute all the issued and all the allotted share capital of the Purchaser and those shares and all issued and all allotted shares in the capital of each of the Purchaser and the Purchaser's Group Companies are fully paid or credited as fully paid or credited as fully paid.
- 3.3 Except for the options shown in the Purchaser's Accounts, no person has any right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, issue, sale or transfer of any share or loan capital of the Purchaser or any Purchaser's Group Company.
- 3.4 The shares in each Purchaser's Group Company are free from all claims, liens, charges, equities, encumbrances and adverse rights of any description.

- 3.5 Save for the shares in Purchaser's Group Companies, neither the Purchaser nor any Purchaser's Group Company is the holder or beneficial owner of nor has it agreed to acquire:
- 3.5.1 any share or loan capital of any corporate body (whether incorporate in the United Kingdom or elsewhere);
- 3.5.2 any interest in any firm, partnership, association, organisation or trust.
- 3.6 Neither the Purchaser nor any Purchaser's Group Company controls or takes part in the management of any corporate body, firm, partnership, association, organisation or trust other than another of the Purchaser or any Purchaser's Group Company.
- 3.7 Subject to the passing of the Resolutions, the Purchaser has power under its Memorandum and Articles of Association to allot and issue the Consideration Shares and the Placing Shares in the manner proposed (including, without prejudice to the generality of the foregoing, with respect to the payment of commissions and issue and publication of the Circular) and there are no consents, save for Admission, required by the Purchaser for the allotment and issue of the Consideration Shares and the Placing Shares which have not been unconditionally obtained.
- 3.8 The creation, allotment and issue of the Consideration Shares and the Placing Shares will not infringe or exceed any limit, power or restriction or the terms of any contract, obligation or commitment whatsoever of the Purchaser, any Purchaser's Group Company or of the directors of the Purchaser.
- 3.9 The allotment and issue of the Consideration Shares and the Placing Shares and the making and implementation of the Placing and Open Offer (envisaged by the Purchaser's Circular) will comply with the Companies Act 1985, the Financial Services Act 1986, the POS Regulations, the AIM Rules, the Listing Rules, all relevant statutes and governmental regulations in the United Kingdom and all agreements to which the Purchaser is a party or by which any of the Purchaser or any Purchaser's Group Company or any of their property is bound.
- 3.10 The Consideration Shares will upon allotment be free from all claims, charges, liens, encumbrances and equities whatsoever and will rank *pari passu* in all respects with the existing ordinary shares of 1p each in the Purchaser.

4. LITIGATION AND COMPLIANCE

- 4.1 Neither the Purchaser nor any Purchaser's Group Company or person, so far as the Purchaser is aware, for whose acts or defaults any of them may be vicariously liable is engaged whether as defendant in any legal action, tribunal or other proceedings or arbitration and none of them are being prosecuted for any criminal offence.
- 4.2 Neither the Purchaser nor any Purchaser's Group Company has received written notice that such proceedings as are described in **paragraph 4.1** are pending or threatened by or against any of them or person for whose acts or defaults any of them may be vicariously liable.

- 4.3 There is no material order, decree or judgement of any court or any governmental agency or regulatory body outstanding against the Purchaser or any Purchaser's Group Company and no material undertaking or assurance given to any court or governmental agency or regulatory body in relation to any of them is still in force.
- 4.4 Neither the Purchaser nor any Purchaser's Group Company has been notified that any governmental or official investigation or enquiry concerning any them is in progress or threatened.
- 4.5 Each of the Purchaser and each Purchaser's Group Company has complied with the provisions of its memorandum and articles of association and has not entered into any ultra vires transaction.

5. ACCOUNTS AND RECORDS

5.1 Accounts

- 5.1.1 The Purchaser's Accounts were prepared under the historical cost convention and in accordance with the Companies Act and Accounting Standards and accounting principles, policies and practices generally accepted in the United Kingdom at the date on which the Purchaser's Accounts were approved by the directors.
- 5.1.2 The Purchaser's Accounts were prepared on bases and in accordance with policies consistent with those adopted in preparing the audited accounts of the Purchaser and the audited consolidated accounts of the Purchaser's Group at the Purchaser Accounts Date and the three financial periods preceding that ended on the Purchaser's Accounts Date and there has been no change in such policies in any of such account periods.
- 5.1.3 The Purchaser's Accounts show a true and fair view of the assets and liabilities and state of affairs of the Purchaser and each Purchaser's Group Company and of the Purchaser's Group at the Purchaser Accounts Date and of their respective profit or loss and cash flow for the period then ended and correctly set out the issued share capital of the Purchaser on that date.

5.2 Records

- 5.2.1 All the accounts, books, registers, ledgers and financial and other records of the Purchaser and each Purchaser's Group Company are in the possession of that company and have been kept and completed in all material respects and there are no material inaccuracies or discrepancies of any kind contained or reflected in them.
- 5.2.2 Where any of the books and other records referred to in paragraph 5.2.1 of any of the Purchaser or any Purchaser's Group Company are kept on computer, the relevant company is the owner of all hardware and all software licences necessary to enable it to use such books, accounts and records in the manner in which they have been used prior to the date of this agreement and no company shares any such hardware or software with any other person

6. CURRENT TRADING

6.1 Business since the Accounts Date

Since the Accounts Date:

- 6.1.1 the Purchaser and each Purchaser's Group Company has carried on its business in the ordinary and usual course, without interruption or alteration in nature, scope or manner and so as it to maintain it as a going concern;
- 6.1.2 there has been no material adverse change in the turnover, financial or trading position or prospects of the Purchaser's Group;
- 6.1.3 other than as noted in the Purchaser's Accounts none of the Purchaser and any Purchaser's Group Company has acquired or disposed of or agreed to acquire or dispose of any business or any material asset other than trading stock in the ordinary and usual course of its business;
- 6.1.4 no resolutions of shareholders or of any class of shareholders of any of the Purchaser or any Purchaser's Group Company have been passed (other than ordinary business conducted at an annual general meeting).

6.2 Business matters

Neither the Purchaser nor any Purchaser's Group Company has any branch, agency or place of business outside the United Kingdom.

7. CONTRACTS

7.1 Material contracts

Neither the Purchaser nor any Purchaser's Group Company is party to any outstanding contract, arrangement or obligation (including a capital commitment):

- 7.1.1 so far as the Purchaser is aware, of an unusual or abnormal nature or entered into otherwise than in the ordinary and usual course of its business and by way of bargain at arm's length; or
- 7.1.2 which save as disclosed in the Circular involves or relates to any of the Purchaser's directors or any Connected Person of any of them or any holder of more than 3% of the issued shares of any class in the Purchaser.

7.2 Contractual position

So far as the Purchaser is aware, there are no grounds, including the transaction contemplated by this agreement, for termination, rescission, avoidance or repudiation of any material agreement or other transaction to which the Purchaser or any Purchaser's Group Company is a party.

8. PROPERTIES

8.1 In relation to the Purchaser's Properties:

- 8.1.1 all outgoings associated with the Purchaser's Properties were fully accrued in the Purchaser's Accounts (including liabilities in respect of outstanding rent reviews, business rates appeals or reassessments and for any dilapidations that may become payable in due course) and all outgoings relating to the Purchaser's Properties due for payment have been paid; and
 - 8.1.2 neither the Purchaser nor any Purchaser's Group Company is in breach of any material obligation relating to the Purchaser's Property occupied by it where the effect of such breach may lead to an interruption to the business of that company or impact or affect (including the price) the ability of the Purchaser to sell the shares of that company or its business.
- 8.2 So far as the Purchaser is aware, neither the Purchaser nor any Purchaser's Group Company has any present or ascertained future or contingent liability for any property or interest in property formerly owned or occupied by it.

9. FINANCE

9.1 Borrowings

- 9.1.1 Full and accurate details of all overdraft, loan and other financial facilities available to each of the Purchaser and each Purchaser's Group Company and of the amounts outstanding under such facilities have been disclosed to the Sellers and none of the transactions contemplated by this agreement or the Purchaser's Circular will affect or prejudice the continuance of any of those facilities or give rise to an adverse alteration in their terms.
- 9.1.2 The amount borrowed by each of the Purchaser and each Purchaser's Group Company does not exceed any limitation on that company's borrowing powers contained in its articles of association nor do any such borrowings breach any of the provisions contained in any debenture or other deed or document binding on that company.
- 9.1.3 Neither the Purchaser nor any Purchaser's Group Company has engaged in any borrowing or financing not required to be reflected in the Purchaser's Accounts nor since the Purchaser's Accounts Date has any if the Purchaser and each Purchaser's Group Company engaged in any borrowing or financing required to be reflected in its audited accounts for the current financial year.
- 9.1.4 No event or circumstance has occurred which does or which would, with the giving of notice and/or lapse of time and/or determination of materiality and/or satisfaction of any other condition, entitle any person to require the payment or repayment of any borrowing, security or indebtedness in the nature of borrowing (or any investment, grant or subsidy previously received) before its normal or originally stated maturity or which is or shall be such as to terminate, cancel or render incapable of exercise

any entitlement to draw money or otherwise exercise the security or indebtedness in the nature of borrowing.

9.2 Guarantee and security

- 9.2.1 Neither the Purchaser nor any Purchaser's Group Company has entered into or agreed to enter into any guarantee, indemnity, warranty, bond or other agreement to secure an obligation of another person (other than another Purchaser's Group Company).
- 9.2.2 There is not outstanding any guarantee, indemnity, warranty, bond or other agreement given by any person (other than the Purchaser or another Purchaser's Group Company) to secure an obligation of any Purchaser's Group Company.
- 9.2.3 Neither the Purchaser nor any Group Company has subsisting, or has agreed to create or grant, over the whole or any part of its present or future revenues or assets any encumbrance, mortgage, charge, pledge, lien or other adverse right of any description.

10. EMPLOYEES

All material facts and matters relating to the employment of all Directors and Senior Employees of the Purchaser's Group and the engagement of all consultants of each of the Purchaser and each Purchaser's Group Company, including, without limitation details of each person's salary, age, length of service, notice period, terms and conditions of employment and benefits including redundancy entitlements, entitlements under share incentive schemes, share option schemes or profit share schemes and any entitlement to commission or bonus or remuneration by reference to turnover, profits or sales or any other arrangements whether in writing, discretionary or otherwise and whether by custom or practice or otherwise, have been disclosed to the Sellers.

11. PENSIONS

Neither the Purchaser nor any Purchaser's Group Company has any liability whether under any agreement, arrangement or scheme (whether or not legally enforceable) for or in respect of the payment to any person who is or has been an officer or employee of any of the Purchaser or any Purchaser's Group Company, or to any person whose service have been provided for any of the Purchaser or any Purchaser's Group Company, or to any of the Purchaser or any of his relatives or dependants, of any pension, lump sum, gratuity or other like benefit in connection with his retirement, death or disability and which has not been provided for in the Purchaser's Accounts.

12. INSOLVENCY

- 12.1 No administrative receiver or manager has been appointed in respect of the whole or any part of the assets or undertaking or any of the Purchaser or any Purchaser's Group Company.

- 12.2 No petition has been presented or order made for the administration of any of the Purchaser or any Purchaser's Group Company.
- 12.3 No meeting has been convened at which a resolution is to be proposed, no resolution has been passed, no petition has been presented and no order has been made for the winding up of any of the Purchaser or any Purchaser's Group Company.
- 12.4 Neither Purchaser's Group Company has stopped or suspended payment of its debts or become unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986.
- 12.5 No unsatisfied judgment, order or award is outstanding against any of the Purchaser or any Purchaser's Group Company and no written demand under section 123(1)(a) of the Insolvency Act 1986 has been made against any of the Purchaser or any Purchaser's Group Company and no distress or execution has been levied on, or other process commenced against, any of the assets of any of the Purchaser or any Purchaser's Group Company.
- 12.6 No voluntary arrangement has been proposed or entered into under section 1 of the Insolvency Act 1986 in respect of any of the Purchaser or any Purchaser's Group Company.
- 12.7 Neither the Purchaser nor any Purchaser's Group Company has entered into or proposes to enter into any arrangement, assignment, reconstruction or composition with any of its creditors.
- 12.8 There are no circumstances known to the Purchaser which would entitle any person to present a petition for the winding up or administration of any of the Purchaser or any Purchaser's Group Company or to appoint a receiver or manager over the whole or any part of any of the Purchaser or any Purchaser's Group Company's undertaking or assets.

13. TAX : ADMINISTRATION AND RETURNS

13.1 Provision

No Purchaser's Group Company has any liability for Tax (whether actual, deferred or contingent) in respect of any financial period down to and including the Purchaser's Accounts Date or referable to profits (including income and gains) made or deemed to have been made on or before the Purchaser's Accounts Date which has not been provided for or disclosed in the Purchaser's Accounts or earlier accounts of the Purchaser.

13.2 Payment of Tax

Each of the Purchaser or any Purchaser's Group Company has duly paid all Tax which it has become liable to pay.

13.3 Interest/penalties

Neither the Purchaser nor any Purchaser's Group Company is under any liability to pay any interest, penalty, fine or default surcharge in connection with any Tax nor is any such liability likely to arise.

13.4 Disputes


Neither the Purchaser nor any Purchaser's Group Company has been notified that any of the returns, notices, accounts and information made by it is disputed by any Tax Authority.

13.5 Investigations

Neither the Purchaser nor any Purchaser's Group Company has been notified that any of its affairs have been the subject of any dispute, investigation or discovery by or with any Tax Authority.

Signed by Peter Scott
in the presence of:

)
)



Witness

Signature:



Name:

T. E. WATTS

Address:

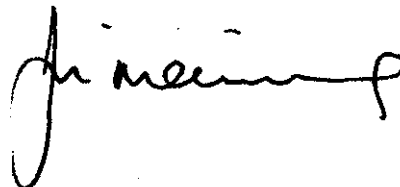
Beaufort Ho
15 St Botolph St
London EC3

Occupation:

Solicitor

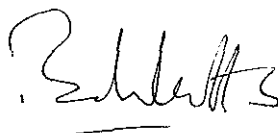
Signed by Jill Meiring
in the presence of:

)
)



Witness

Signature:



Name:

Address:

Occupation:

Signed by Frank Horack
in the presence of:

)
)



Witness

Signature:



Name:

Address:

Occupation:

as attorney

Signed by Alan Wheatley
in the presence of:

)
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Witness

Signature:



Name:

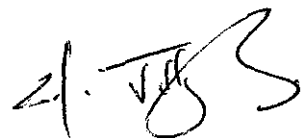
Address:

Occupation:

as attorney

Signed by:
duly authorised for and on
behalf of Co-operation Retirement Benefit
Fund (L) Limited in the presence
of:

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Witness

Signature:




Name:

Address:


Occupation:

as attorney

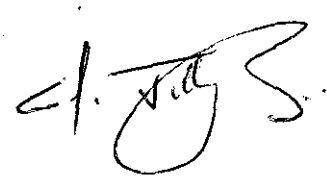
Signed by Charles Tilling
in the presence of


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)



Signed by The Cardinal
in the presence of


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as attorney

Signed by:
duly authorised for and on
behalf of Nazca Limited Partnership
in the presence of

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Witness

as attorney

Signature:

Name:

Rehman

Address:

Occupation:

Signed by:
duly authorised for and on
behalf of Bridgend Group Plc
in the presence of

)
)
)
)

Witness

Signature:

Matthew Newton

Name:

Matthew Newton

Address:

Lacore House

London

Occupation:

Solicitor