

Dated 9TH FEBRUARY 2005

(1) Duncan Johnston and Hilary Johnston

(2) Brook Dyeing Company Limited

Share Purchase Agreement

Schofield Sweeney
Number 1
Valley Court
Canal Road
BRADFORD
BD1 4SP

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This Agreement is made the 9TH day of FEBRUARY 2005

Parties :

- (1) **Duncan Johnston** of 3 Aimbry Court, Almondbury, Huddersfield, HD5 8XP ("Mr Johnston") and **Hilary Johnston** of 3 Aimbry Court, Almondbury, Huddersfield, HD5 8XP together 'the Vendors'
- (2) **Brook Dyeing Company Limited** (registration number 612546) whose registered office is at Britannia Mills, Britannia Road, Slaithwaite, Huddersfield, HD7 5HE ('the Purchaser')

Background :

- (A) The Company is a private company limited by shares and at the date of this agreement has an authorised share capital of £10,000 divided into 10,000 Ordinary Shares of £1.00 of which 4,900 have been issued are fully paid or credited as fully paid and are registered in the names of the Vendors.
- (B) Mr Johnston is beneficially entitled to 3,675 of the Sale Shares and has the right to sell or procure the sale of them free from all liens charges and incumbrances.
- (C) Mrs Johnston is beneficially entitled to 1,225 of the Sale Shares and has the right to sell or procure the sale of them free from all liens charges and incumbrances.
- (D) The Vendors have agreed with the Purchaser to sell or procure the sale to it of the shares on the terms but subject to the conditions of this agreement.

Operative Provisions:

1 Interpretation

- 1.1 In this agreement (including the Background and the Schedules), unless the context otherwise requires, the following words and expressions shall have the following meanings:

'Accounts'	means the accounts of the Company for the accounting reference period ending on the Last Accounts Date;
'Bond'	means the sum of £25,000 to be paid into the Deposit Account in accordance and to be dealt with under clause 5 and Schedule 4;
'Claim for Taxation'	means any notice, demand, assessment, letter or other document issued or action taken by a Tax Authority

indicating that the Company is or may be placed or sought to be placed under a Liability to Taxation;

'the Company'	means Healey Dyeing Company Limited (registration number 1254960);
'Completion'	means the completion of the sale and purchase of the Sale Shares under this agreement;
'the Consideration Shares'	means the ordinary shares of £1.00 each and the preference shares of £1.00 each in the capital of the Purchaser allotted to the Vendors under clause 3.1 of this Agreement;
'Covenant for Taxation'	means the covenant given by the Vendors under clause 6;
'the Deposit Account'	means the joint deposit account to be opened in the joint names of the Vendors' Solicitors and the Purchaser's Solicitors at Bank PLC;
'the Disclosure Letter'	means the letter and annexures from the Vendors' Solicitors to the Purchaser's Solicitors dated today disclosing various matters relating to the Warranties;
'Escrow'	means the £25,000 to be paid into the Deposit Account in accordance and to be dealt with under clause 3
'Environmental Legislation'	means all national or local statutes codes or other laws or legislation concerning health safety or matters related to pollution or protection of the environment and all decisions rules regulations ordinances orders notices and directives of the European Community the United Kingdom Parliament and other official bodies having jurisdiction in respect of such matters
'Environmental Authorisations'	means the permits consents licences authorisations and approvals required by Company under the Environmental Legislation and detailed in Schedule 1
'the Last Accounts Date'	means 31 March 2004;
'Liability to Taxation'	(a) means any liability of the Company to make actual payments of Taxation regardless of whether such Taxation is chargeable or attributable directly or primarily to the Company or to any other person;

- (b) means the loss of any Relief which would (were it not for the loss) have been available to the Company and which has been treated as an asset in preparing the Accounts or taken into account in computing (and so reducing) any provision for Taxation (including deferred taxation) which appears in the Audited Accounts (or which, but for the availability or presumed availability of such Relief prior to its loss) would have appeared in the Accounts;
- (c) means the setting off against any liability to Taxation or against Profits earned, accrued or received on or before Completion of any Relief which arises in respect of any Transaction effected on or after Completion in circumstances where, but for the setting off, the Company would have had an actual liability to Taxation in respect of which the Purchaser would have been able to make a claim against the Vendors under the Covenant for Taxation;

‘Loan Agreement’

means the loan agreement between Brook Group (Holdings) Limited (1) and the Purchaser (2) of even date under which Brook Group (Holdings) Limited agrees to advance to the Purchaser £125,000 and such further monies to the Borrower as are necessary to fund the repayment in full of any shortfall in the Brook Dyeing Company Limited Pensions Fund previously operated by the Purchaser until 5 April 2001;

‘Profits’

means income, profits and gains the value of any supply and any other consideration, value or receipt used or charged for Taxation purposes and references to ‘Profits earned, accrued or received’ include Profits deemed to have been earned, accrued or received for Taxation purposes;

‘the Property’

means the leasehold property details of which are set out in Schedule 2;

‘the Purchaser’s Solicitors’

means Schofield Sweeney Solicitors, Number 1 Valley Court, Canal Road, Bradford, BD1 4SP;

‘Relief’

means any loss, relief, allowance, exemption set-off, deduction, credit or right to repayment of Taxation and references to the “Loss of any Relief” include the loss.

reduction, counteraction, disallowance, setting-off against Profits, crediting against a liability to make an actual payment of Taxation or failure to obtain a Relief and "lost" shall be construed accordingly;

'the Revenue' means all fiscal authorities (national municipal or local) whether of the United Kingdom or elsewhere;

'the Sale Shares' means all the ordinary shares of £1.00 each in the capital of the Company allotted and in issue at the date of this agreement;

'the Service Agreement' means the service agreement in respect of Mr Johnston's appointment under clause 5.3.3;

'Taxation' (a) All forms of taxation, duties, imposts, charges, levies, deductions, and withholdings in the nature of taxation, imposed by any Taxation Authority whether of the United Kingdom or elsewhere and whenever created or imposed, including but without limitation, income tax (including income tax to be deducted or withheld from or accounted for in respect of any payment under section 203 ICTA or otherwise), corporation tax, ACT, capital gains tax, inheritance tax, VAT, customs and other import and export duties, excise duties, stamp duty, stamp duty reserve tax, development land tax, vehicle duty, insurance premium tax, national insurance, social security or other similar contributions, business, general or water rates, council tax or other similar charge; and

(b) any interest, charge, surcharge, penalty, fine or other imposition relating to any tax, duty, impost, levy or withholding mentioned in paragraph (a) of this definition or to any account, record, form, return or computation required to be kept, preserved, maintained or submitted to any person for the purpose of any such tax, duty, impost, levy or withholding;

'Tax Authority' means any taxing or other authority, body or official competent to administer, impose or collect any Liability to Taxation;

'Transaction' means any transaction, deed, act, event, omission, payment or receipt of whatever nature and whether actual or deemed for Taxation purposes and references to "any Transaction effected on or before Completion" includes the combined

result of two or more Transactions, the first of which shall have taken place or commenced (or be deemed to have taken place or commenced) on or before Completion;

- 'Vendor Associate' means in relation to any Vendor:
his issue spouse brother sister or parent or any company with which he or any of his relatives as detailed above is or may be associated or any partnership of which he is a member and for these purposes 'associated' shall have the meaning ascribed to it in the Companies Act 1985 Section 346;
- 'the Vendors' Solicitors' means Chadwick Lawrence with Steven Bonfield Solicitors of 23a Bull Close Lane, Halifax, West Yorkshire, HX1 2EF;
- 'the Warranties' means the representations, warranties and undertakings given by the Vendors referred to in clause 5.

1.2 In this agreement (including the Background and the Schedules), unless the context otherwise requires:

1.2.1 all references to statutory provisions or enactments shall include references to any amendment, modification or re-enactment of any such provision or enactment (whether before or after the date of this agreement), to any previous enactment which has been replaced or amended and to any regulation or order made under such provision or enactment;

1.2.2 references to documents 'in the agreed form' are to documents in terms agreed between the parties to this agreement and signed (for the purpose of identification only) by the Vendors and the Purchaser prior to the signature of this agreement;

1.2.3 references to the Background, clauses and the Schedules are respectively to the Background to, clauses of and the Schedules to this agreement.

2 Sale and purchase

2.1 Mr Johnston shall with full title guarantee sell with effect from Completion 3,675 of the Sale Shares and the Purchaser shall purchase with effect from Completion the shares with all rights attached accruing to them and free from all claims, charges, liens, encumbrances, options, rights of pre-emption or equities whatsoever.

- 2.2 Mrs Johnston shall with full title guarantee sell with effect from Completion the remaining 1,225 Sale Shares and the Purchaser shall purchase with effect from Completion the shares with all rights attached accruing to them and free from all claims, charges, liens, encumbrances, options, rights of pre-emption or equities whatsoever.
- 2.3 The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously in accordance with this agreement.

3 Consideration

- 3.1 The consideration price for the Sale Shares shall be payable on completion as follows:

3.1.1 by the payment to Mr Johnston of £50,000 in cash;

3.1.2 by the payment to Mrs Johnston of £25,000 in cash;

3.1.3 by the allotment to Mr Johnston of 15,000 ordinary shares of £1.00 each in the capital of ~~the Company~~; *SS Ch*

^ Brook Dyeing Company Limited

3.1.4 by the allotment to Mrs Johnston of 5,000 ordinary shares of £1.00 each in the capital of ~~the Company~~; and *SS CL*

^ Brook Dyeing Company Limited

3.1.5 by the payment of the Escrow into the Deposit Account

- 3.2 The Escrow shall become payable to Mr Johnston and shall be released to the Vendors' solicitors on the third anniversary of Mr Johnston's continuous employment with the Purchaser under the terms of the Service Agreement, or if earlier, the termination of the Service Agreement by the Purchaser for any reason other than the gross misconduct of Mr Johnston.

4 Conditions

The obligations of the Vendor to sell and of the Purchaser to purchase on the terms of this agreement are conditional upon the Vendors executing, in escrow, a shareholders agreement in agreed form in respect of the shares in the Purchaser to be allotted to them under clause 3 to be completed following Completion.

5 Completion

- 5.1 Completion shall take place forthwith following the making of this agreement at the offices of the Purchaser's Solicitors.
- 5.2 At Completion the Vendors shall deliver (where appropriate as agent for the Company) to the Purchaser:
 - 5.2.1 transfers in respect of the Sale Shares duly executed by the registered holders in favour of the Purchaser or as it may direct;
 - 5.2.2 certificates for the Sale Shares and any other documents which may be required to give good title to the Sale Shares and to enable the Purchaser to procure the registration of the same in its name or as it may direct;
 - 5.2.3 the resignations under seal of each of the directors (other than those requested in writing by the Purchaser to remain) and the secretary of the Company in the agreed form and confirmation under seal by each of the Vendors in the agreed form that the Vendors have no claims against the Company;
 - 5.2.4 the Company's certificate of incorporation, certificate of incorporation on change of name (if applicable), common seal, statutory registers, minute books, share certificate books and all other books (all duly written up to date);
 - 5.2.5 the resignation of the auditors of the Company in the agreed form together with a duplicate;
 - 5.2.6 any power of attorney under which any document required to be delivered under this clause 5.2 has been executed;
 - 5.2.7 certified copies of board resolutions of the Company in the agreed form;
- 5.3 Provided the Vendors comply with all their obligations under clause 5.2 (subject only to the Purchaser fulfilling its obligations under this clause) the Purchaser shall at Completion:
 - 5.3.1 pay to the Vendors the sums due to each of them under clause 3.1 by way of electronic funds transfer to the client account of the Vendors' solicitors;
 - 5.3.2 allot and issue to the Vendors the Consideration Shares credited as fully paid and deliver share certificates to the Vendors' Solicitors in respect of them;
 - 5.3.3 appoint Mr Johnston as a director of the Purchaser;

- 5.3.4 enter into the Service Agreement with Mr Johnston; and
- 5.3.5 pay the Bond and the Escrow by electronic funds transfer to be deposited into the Deposit Account.
- 5.4 The provisions of Schedule 4 shall apply to the Bond once it has been deposited into the Deposit Account.
- 5.5 If for any reason the provisions of clause 5.2 are not fully complied with, the Purchaser shall be entitled (in addition and without prejudice to any other right or remedy available to it) to elect:
 - 5.5.1 to rescind this agreement;
 - 5.5.2 to fix a new date for Completion; or
 - 5.5.3 to proceed to Completion so far as practicable, the Vendors then being obliged to use their best endeavours to perform or procure the performance of any of the outstanding provisions of clause 5.2.
- 5.6 The solicitors to any party to this agreement are authorised to take delivery on behalf of such party of any items under this agreement and their receipt shall be a good discharge for those items to the party and the solicitors to the party making delivery.

6 Warranties and indemnities

- 6.1 Each of the Vendors warrants, represents and undertakes to the Purchaser:
 - 6.1.1 that subject to matters fully and accurately disclosed in the Disclosure Letter the statements in Schedule 1 are and will at Completion be true and correct in all respects and not misleading;
 - 6.1.2 (as a separate and additional warranty, representation and undertaking to that set out in the clause 6.1.1 above) subject to matters fully and accurately disclosed in the Disclosure Letter the statements in Schedule 2 are and will at Completion be true and correct in all respects and not misleading;
 - 6.1.3 that all information contained or referred to in the Disclosure Letter is true and accurate and fairly presented and nothing has been omitted from it which renders any of such information incomplete or misleading.
- 6.2 The Vendors will indemnify the Purchaser in respect of any breach of any of the Warranties and in respect of any loss, liability, claim or expense incurred by the

Purchaser by reason (whether direct or indirect) of any of the Warranties being untrue, incorrect or misleading.

- 6.3 Notwithstanding and without limitation to the provisions of clause 6.2 in the event of a breach of the environmental warranties set out in paragraphs 32 to 37 of Schedule 1 the Vendors agree to indemnify and hold the Purchaser harmless from and against and to reimburse the Purchaser on a full indemnity basis for any and all losses damages liabilities claims and expenses (including without limitation fines penalties clean-up costs activities and obligations legal fees technical consultants' engineers' and experts' fees incidental and consequential damages and lost profits) ('Environmental Losses') which may be sustained or suffered by the Purchaser arising out of based upon or by reason of any such environmental warranties being untrue or incorrect or by virtue of any Environmental Losses incurred by the Purchaser arising out of any use of the Properties or operation of the businesses of the Company prior to Completion whether or not such liability was known to the Vendors or could reasonably have been known by the Vendors notwithstanding that all reasonable enquiries were made as to such liabilities by the Vendors prior to Completion [save in respect of those matters set out in the Disclosure Letter.
- 6.4 The liability of the Vendors' under this clause 6 shall be limited by the application of the provisions of Schedule 5.

7 The Consideration Shares

The Consideration Shares shall rank *pari passu* in all respects with the ordinary shares of £1.00 each and preference shares of £1.00 each in the capital of the Purchaser in issue on the date of this agreement.,

8 Tax Covenant

- 8.1 Save to the extent that a provision or reserve in respect of such Liability to Taxation was made in the Accounts or such Liability to Taxation arises in respect of any Transaction in the ordinary course of business since the Last Accounts Date, the Vendors shall jointly and severally pay to the Purchaser an amount equal to any Liability to Taxation of the Company or any settlement of any claim for Taxation:
- 8.1.1 arising directly or indirectly from any Transaction effected on or before Completion; or
 - 8.1.2 in respect of, or by reference to, any Profits earned, accrued or received on or before Completion; or
 - 8.1.3 arising from the failure by a Vendor Associate to discharge a Liability to Taxation which falls upon such Vendor Associate:

- (i) arising directly or indirectly from any Transaction effected or deemed to have been effected at any time by the Vendor; or
- (ii) in respect of any Profits earned, accrued or received at any time by the Vendor together with all costs and expenses incurred by the Purchaser or the company in connection with any such Liability to Taxation or Claim for Taxation.

8.2 In a case of a loss of any Relief, the amount that is to be treated for the purposes of clause 8.1 as a Liability to Taxation shall:

8.2.1 be the amount of that Relief, if the Relief that was the subject of the loss was either a deduction from or offset against Taxation or a right to a repayment of Taxation;

8.2.2 be the amount of Taxation which would have been saved in consequence of the setting off where the Relief that was the subject of the loss was a deduction from or offset against gross Profits, and the Relief was the subject of a setting off; and

8.2.3 in any other case where the Relief that was the subject of the loss was a deduction from or offset against gross Profits, be the amount of Taxation which would, on the basis of the rates of Taxation current at the date of the loss, have been saved but for the loss.

8.3 Where the Vendor becomes liable to make any payment under the Covenant for Taxation, the due date for the making of that payment shall be:

8.3.1 in a case that involves an actual payment of Taxation by the Company, the date that is the last date on which the Company is liable to pay to the Revenue the Taxation in question in order to avoid incurring a liability to interest or penalty or, if later, 14 days following a written demand from the Purchaser; or

8.3.2 in the case of a loss of any Relief, the date falling 14 days following the date when the Vendors have been notified by the Purchaser that the auditors for the time being of the Company have certified, at the request of the Purchaser, that the Vendors have a liability for a determinable amount in respect of the loss of such Relief under the Covenant for Taxation.

8.4 The liability of Vendors under this clause 8 shall be limited by the application of the provisions of Schedule 5 save that the period referred to in paragraph 1 of Schedule 5 shall be 7 years and not 12 months.

9 Non-competition

9.1 Each of the Vendors' covenants with the Purchaser and the Company (the Purchaser for this purpose contracting on behalf of itself and as trustee for the Company that:

9.1:1 they will not (except a director and employee of the Purchaser in the case of Mr Johnston) during the period of 2 years from Completion either solely or jointly with or as manager agent or consultant of any other person (corporate or unincorporate) carry on or be engaged or concerned or interested directly or indirectly within the area commonly known as West Yorkshire in the business of dyeing fiber ("the Business");

9.1:2 they will not in respect of goods or services of the nature presently provided in the business carried on at the date of this agreement by for a period of 2 years from Completion solicit (either on its or their own account or as the employee or manager agent consultant or employee of any other person) the custom of any person who is or was within a period of 12 months prior to Completion a customer of the Company in relation to their respective businesses or have any dealing with any such person;

9.1:3 they will keep confidential and not disclose or make use of any financial or other confidential information or other know-how relating to the Business including but not limited to any such information about current or future affairs or plans or about customers or other persons with whom the Vendors have or have had dealings or are or have been concerned in relation to the said business;

9.1:4 they will not induce or seek to induce away from the Company with a view to engaging them in any competing business any manager employee consultant or representative employed or engaged by it or them and for the purpose of this clause "current manager employee consultant or representative" shall mean any person who is currently employed by the Company at the time of Completion including all such persons who have given notice to terminate their employment (whether or not in accordance with the terms of their employment) and all such persons who should have given such notice but failed to do so before leaving their employment;

9.1:5 they will not own beneficially or otherwise or be interested in the share capital of any company engaged in any of the said areas in

providing services of the nature presently provided by the said business of the Company;

PROVIDED that nothing contained in this clause shall prevent:

- (a) any of the Vendors from at any time holding for investment purposes only any class of securities for the time being listed or dealt in on any stock exchange where its interest does not exceed 5% of all the issued securities of that class; and
- (b) Mr Johnston from being engaged or concerned or interested in the Business directly or indirectly in the event that the Service Agreement is terminated by the Purchaser within the first 3 years of the term of the Service Agreement for any reason other than the gross misconduct of Mr Johnston.

9.2 The Vendors confirm that the covenants contained in Clause 7.1 are no greater than is reasonable or necessary for the protection of the interest of the Purchaser and further that such covenants shall be deemed to be entire separate severable and separately enforceable in the widest sense from the other parts of clause 7.1 so that each covenant shall be deemed to be a separate covenant notwithstanding the fact that it appears in the same clause sub-clause or sentence or any other covenant or is imposed by the introduction of a word or phrase conjunctively with or disjunctively from or alternatively to other words or phrases.

10 Waivers

The Purchaser may at its absolute discretion in whole or in part release, compound or compromise, or grant time or indulgence to any party for any liability under this agreement without affecting its rights against that or any other party under the same or any other liability.

11 Vendors' liability

Each of the Vendors shall be jointly and severally liable in the event of any breach of any obligation or liability under this agreement (including, without limitation, in respect of the Warranties).

12 General provisions

12.1 Completion shall not in any way prejudice or affect the operation of any provision of this agreement which contemplates or is capable of post-Completion operation and all such provisions shall continue in full force and effect notwithstanding Completion.

12.2 Each party shall bear its own costs of and incidental to the negotiation, making and fulfilment of this agreement and the transactions contemplated hereby.

12.3 The Purchaser may assign in whole or in part the benefit of this agreement which shall inure to the benefit of the successors in title and assigns of the Purchaser.

12.4 No party shall divulge to any third party (other than its professional advisers) any information regarding the terms of this agreement or any matters contemplated by this transaction or make any announcement relating to it, provided that the Purchaser shall be entitled to make such announcements as may be required by law or by the rules and regulations of The Stock Exchange.

12.5 Any notices:

12.5.1 must be in writing, and may be given to any party at its registered office or to such other address as may have been notified to the other parties; and

12.5.2 will be effectively served:

12.5.2.1 on the day of receipt where any hand-delivered letter, any telex or telefax message is received on a business day before or during normal working hours

12.5.2.2 on the following business day, where any hand-delivered letter, any telex or telefax message received either on a business day or after normal working hours or on any other day or

12.5.2.3 on the second business day following the day of posting from within the United Kingdom of any letter sent by post office inland first class mail postage prepaid

13.6 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of this Agreement provided that this does not affect any right or remedy of the third party which exists or is available apart from that Act. No party may declare itself as a trustee of the rights under this Agreement for the benefit of any third party save as expressly provided in this Agreement.

13.7 Governing Law

This agreement shall be governed by and construed in all respects in accordance with English law and the parties irrevocably agree that the Courts of England and Wales shall have exclusive jurisdiction in respect of any dispute suit action arbitration or proceedings ('Proceedings') which may arise out of or in connection with this agreement provided that nothing contained in this agreement shall be taken to have limited the right of the

Purchaser to bring Proceedings in any other jurisdiction or jurisdictions whether concurrently or not

As witness the hands of the parties hereto the day and year first before written

Schedule 1 Warranties

- 1 The contents of the Background above are and will at Completion be true and correct in all respects.
- 2 The Company is not, and will not at Completion be, under any commitment to allot or issue any share or loan capital to any person and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital of the Company.
- 3 The Vendors are together the sole beneficial owners of all the Sale Shares and will at Completion have the right and power to sell and transfer or procure the transfer of all the Sale Shares to the Purchaser in accordance with the provisions of this agreement.
- 4 None of the Vendors (nor any person connected within the meaning of Section 839 Income and Corporation Taxes Act 1988 with any of them) is indebted to the Company, nor is the Company indebted to any such person, and there is no circumstance whereby any such indebtedness could arise.
- 5 All requirements applicable to the continuance in existence, management, property or operations of the Company have been complied with.
- 6 Since the Last Accounts Date no dividend or other distribution has been declared or paid on, and no capital distribution made or agreed to be made in respect of, any share capital of the Company.
- 7 The accounts of the Company as at the Last Accounts Date ('the Accounts') and for the [five] financial years immediately preceding that date and the accounting records of the Company comply with the accounting requirements of the Companies Act 1985 and all other relevant statutes and are in accordance with the Statements of Standard Accounting Practice issued by the Consultative Committee of Accounting Bodies.
- 8 The Accounts have been prepared in accordance with generally accepted accountancy principles and are true, complete and accurate in all material respects, and show a true and fair view of the assets and liabilities of the Company (and, in the case of consolidated accounts, of the Company and the

Subsidiaries) at the Last Accounts Date and the profits or losses of the Company (and, where appropriate of the Company and the Subsidiaries) for the year ended on the Last Accounts Date.

- 9 The Company is the sole beneficial owner of the Propertys and the Property is the only properties in which the Company has any right, title or interest or which the Company uses or occupies.
- 10 The Company is the owner of and has good marketable title to all the assets used in its business and has no assets not so used.
- 11 Since the Last Accounts Date the Company has carried on in the ordinary and usual course the business carried on by it at that date.
- 12 Since the Last Accounts Date there has been no material adverse change in the Company's financial position or prospects and the value of the Company's net assets is not less than the value of its net assets at the Last Accounts Date.
- 13 All the book and other debts of the Company outstanding at Completion are the absolute property of the Company and will (save insofar as a specific provision has been made in the balance sheet included in the Accounts for them) be good and collectable in the ordinary course of business and in any event not later than three months after Completion.
- 14 The Company does not have outstanding any commitment for capital expenditure or any agreement or arrangement not on an arm's length basis.
- 15 There is not outstanding any mortgage or charge on the whole or any part of the undertaking, property or assets of the Company.
- 16 Neither the Company nor any of the Vendors has any reason to believe that the transactions contemplated by this agreement will result in loss of business with any of the Company's present suppliers or customers.
- 17 The replies to the employment inquiries given by the Vendors to the Purchaser in writing prior to the date of this agreement as part of the Vendors' replies to the Purchaser's inquiries before contract ('the Replies') are true and accurate in all respects.
- 18 There is no liability whatsoever (whether legally binding or not) to make any payment to or for the benefit of any person in respect of past service or the termination of the employment of that or any other person and the Company has no superannuation fund, retirement benefit or other pension schemes or arrangements save as provided in the Company's pension scheme which scheme is fully funded.

- 19 There is no outstanding commitment (whether legally binding or not) to increase the remuneration of any officer or employee of the Company.
- 20 The Company has within the relevant time limits correctly made all returns and payments required to be made by the Company for any taxation purposes and none of such returns or payments is the subject of any dispute with the revenue or customs and excise authorities and none of the Vendors is aware of any circumstance likely to give rise to such dispute.
- 21 The Company obtained full, complete, correct and up to date records, invoices and other documents appropriate or requisite for establishing value added tax on supplies to and by the Company.
- 22 All payments by the Company to any person which ought to have been made under deduction of tax have been so made and the Company has (if required by law so to do) accounted to the Inland Revenue for the tax so deducted.
- 23 The Company is not involved in litigation, prosecution, arbitration or any other proceedings for the enforcement of rights or settlement of disputes and no act, omission or event has occurred which has given rise to a threat of such proceedings or which is likely to result in the Company being involved in any such proceedings.
- 24 All patents, trade marks, registered designs, design rights, applications for any of the foregoing, copyrights, trade or business names, inventions, processes, know-how and other industrial property rights ('Intellectual Property Rights') purported to be used or required by the Company are in full force and effect and are vested in and beneficially owned by the Company free from encumbrances.
- 25 To the best of the knowledge information and belief of the Vendors none of the Intellectual Property Rights owned or used by the Company is the subject of any claim opposition attack assertion or other arrangement of whatever nature which does or may impinge upon their use validity enforceability or ownership by the Company and there are no grounds or other circumstances which may give rise to the same.
- 26 The Property comprises all the freehold and leasehold properties owned by the Company or occupied by it under licence or in which the Company has any other interest.
- 27 The Company has a good marketable and unassailable title to and has vacant possession of the Property.
- 28 The Company is the legal and beneficial owner of each of the Properties.

- 29 The Property and its title deeds are free from any mortgage charge rent charge lien encumbrance or other third party right whether in the nature of security or otherwise.
- 30 The Company in whom title is vested:
- 30.1 has paid all rent insurance service charges and other outgoings that may be payable in respect of the leasehold Properties and
- 30.2 has performed and observed all covenants (whether in relation to freehold or leasehold land) conditions agreements statutory requirements planning consents bye-laws orders and regulations affecting the Properties and requiring observance or performance by it and no notice of any breach of any such matters has been received
- 31 The Company has obtained all Environmental Authorisations including but not limited to the IPPC (Integrated Pollution Prevention and Control) Licence and true and complete copies of all Environmental Authorisations held by the Company are attached to the Replies.
- 32 To the best of the knowledge information and belief of the Vendors Environmental Authorisations constitute all the Environmental Authorisations required under Environmental Legislation to be obtained in connection with the use of the Properties or the conduct of the Company's businesses
- 33 Each of the Environmental Authorisations held by the Company is in full force and effect and no fees or charges are outstanding in respect of them
- 34 No claim of any violation breach or infringement of Environmental Legislation has been made against the Company
- 35 No proceeding or other action of whatever nature is pending or is threatened or to the best of the knowledge information and belief of the Vendors under consideration seeking the suspension revocation enforcement prohibition variation or limitation of any Environmental Authorisation or seeking to impose any penalty applicable under any Environmental Authorisation or related legislation
- 36 To the best of the knowledge information and belief of the Vendors there has been and is no breach of any of the Environmental Authorisations or Environmental Legislation
- 37 To the best of the knowledge information and belief of the Vendors all information material to a purchaser of all the issued shares in the Company has been made known to the Purchaser's Solicitors in writing before the making of this agreement.

- 38 The Replies and all information supplied by the Vendors' or their advisers to the Purchaser or its advisers concerning the Company (including without limitation information in the Replies and Disclosure Letter and information referred to in this Schedule) is true, complete and accurate in all respects.
- 39 There is no fact or circumstance which renders any of the information referred to in this Schedule untrue, inaccurate or misleading in any way which might affect willingness of a purchaser to purchase the Sale Shares on the terms (including those as to price) of this agreement.
- 40 The Company has not given any guarantees of the liabilities of any person or undertaken obligations in the nature of guarantees (by whatever name called)].

Schedule 2
The Property

Units A, B, X and the toilet and shower block abutting units A and X, Holme Dyeworks, Bradley, Huddersfield and the office in the upstairs office block shown edged in red on the plan 1 in the lease made 28 October 1996 between E. Borromley & Sons (1) and Healely Dyeing Company Limited (2) as varied by the deed of variation entered into between E. Bottomley & Sons Limited (1) and Healey Dyeing Company Limited (2) on 31 January 2002.

Schedule 3
The Tax Covenants

1 Interpretation

In this Schedule 3:

- 1.1 the following expressions have the following meanings unless inconsistent with the context:

"ACT"	Advance corporation tax
"the Auditors"	The auditors for the time being of the Company
"the Completion Accounts"	The meaning given to that term within Schedule 7 of this document
"Dispute"	Any dispute, appeal, negotiations or other proceedings in connection with a Tax Claim
"Event"	<p>Any event, fact or circumstance whatsoever (whether actual or deemed or treated as occurring for any purpose) including but not limited to:</p> <ul style="list-style-type: none">(a) any transaction, action or omission (whether or not the Company is party to it);(b) the earning, receipt or accrual for any Taxation purpose of any income, profits or gains;(c) the incurring for any Taxation purpose of any loss or expenditure;(d) the declaration, payment or making of any dividend or other distribution;(e) the sale and purchase of the Shares pursuant to this agreement;(f) Completion.

"FA

"Finance Act

"IHTA"

Inheritance Tax Act 1984

"Liability to
Taxation"

- (a) Any liability of the Company to make an actual payment of Taxation (whether or not the Company is primarily so liable and whether or not the Company has any right of recovery against any other person); and
- (b) the use by the Company (in whole or in part) of any Purchaser's Relief (including a Purchaser's Relief surrendered to the Company by another company) to reduce or eliminate any liability of the Company to make an actual payment of Taxation (whether or not the Company is primarily so liable and whether or not the Company has any right of recovery against any other person) in respect of which the Vendors would otherwise have been liable under paragraph 2; and
- (c) the loss by the Company (in whole or in part) of any Purchaser's Relief contained in paragraph (a) or (b) of the definition of that term (including a Purchaser's Relief surrendered to the Company by another company)

"Purchaser's
Relief"

- (a) Any Relief which was treated as an asset of the Company in the Completion Accounts; and
- (b) any Relief that was taken into account in computing (and so reducing or eliminating) any provision for Taxation which appears in the Completion Accounts or which would have appeared in the Completion Accounts but for the presumed availability of such Relief; and
- (c) any Relief which arises wholly or mainly as a result of any Event which has occurred or occurs after Completion; and

"Relief"

- (a) Any relief, allowance, exemption, set-off, deduction or credit available from, against or in relation to

Taxation or in the computation for any Taxation purpose of income, profits or gains; and

(b) any right to repayment of Taxation

"Saving"

The reduction or elimination of any liability of the Company to make an actual payment of corporation tax in respect of which the Vendors would not have been liable under paragraph 2, by the use of any Relief arising wholly as a result of a Liability to Taxation in respect of which the Vendors have made a payment under paragraph 2

"Tax Claim"

Any notice, demand or assessment issued, or action taken, by or on behalf of any Taxation Authority and the submission of any Taxation form, return or computation from which, in either case, it appears to the Auditors that the Company is subject to a Liability to Taxation or other liability in respect of which the Vendors are or may be liable under paragraph 2

"Taxation"

(a) All forms of taxation, duties, imposts, charges, levies, deductions, and withholdings in the nature of taxation, imposed by any Taxation Authority whether of the United Kingdom or elsewhere and whenever created or imposed, including but without limitation, income tax (including income tax to be deducted or withheld from or accounted for in respect of any payment under section 203 ICTA or otherwise), corporation tax, ACT, capital gains tax, inheritance tax, VAT, customs and other import and export duties, excise duties, stamp duty, stamp duty reserve tax, development land tax, vehicle duty, insurance premium tax, national insurance, social security or other similar contributions, business, general or water rates, council tax or other similar charge; and

(b) any interest, charge, surcharge, penalty, fine or other imposition relating to any tax, duty, impost, levy or withholding mentioned in paragraph (a) of this definition or to any account, record, form, return or computation required to be kept, preserved, maintained or submitted to any person for the purpose of any such tax, duty, impost, levy or withholding

"Taxation"

Authority"	Any authority, whether of the United Kingdom or elsewhere, competent to impose, assess or collect Taxation, including but not limited to the Board of the Inland Revenue, the Commissioners of Customs and Excise and the Department of Social Security
"Taxation Statute"	Any statute (and all regulations and other documents having the force of law under such statute) published, enacted, issued or coming into force on or before the date of this agreement relating to Taxation
"TMA"	Taxes Management Act 1970
"VAT"	Value added tax
"VATA"	Value Added Tax Act 1994
"VAT Group"	Any group of companies for the purpose of section 43 VATA of which the Company is or has been a member on or before Completion.

- 1.2 References to Events occurring on or before any particular date or in relation to any particular period include Events which are deemed to have occurred for any Taxation on or before such date or in relation to such period.
- 1.3 References to the loss of a Relief include the disallowance of a Relief and the failure to obtain a Relief (whether as a result of the surrender of the Relief to another company or otherwise).
- 1.4 Any stamp duty which would be payable on any document, in order for it to be produced as evidence in Court (whether or not such document is presently within the United Kingdom) provided such document is either necessary to establish the title of the Company to any asset or is a document in the enforcement or production of which the Company is interested, and any interest, fine or penalty relating to any such stamp duty, will be deemed to be a liability of the Company to make an actual payment of Taxation on the last date it would have been necessary to pay such stamp duty in order to avoid any liability to interest or penalties.

2 Covenant to Pay

Subject to the provisions of this Schedule the Vendors covenant with the Purchaser to pay to the Purchaser an amount equal to the amount of:

- 2.1 any Liability to Taxation which has arisen or arises as a result of or in connection with any Event which occurred on or before Completion, whether or not such Liability to Taxation has been discharged on or before Completion; and
- 2.2 any Liability to Taxation which has arisen or arises as a result of the combined effect of two or more Events the first of which occurred on or before Completion; and
- 2.3 any Liability to Taxation which arises as a result of any Event which occurs after Completion pursuant to a legally binding obligation (whether or not conditional) entered into by the Company on or before Completion otherwise than in the ordinary course of business of the Company; and
- 2.4 any Liability to Taxation in respect of a chargeable gain which arises as a result of the disposal after Completion of any asset acquired by the Company on or before Completion, to the extent that such Liability to Taxation would not have arisen if the expenditure allowable under section 38(1)(a) TCGA in respect of the asset (ignoring any other Relief) had not been less than the value of the asset stated in the Accounts or, in the case of an asset acquired after the Accounts Date, the cost of the asset; and
- 2.5 any liability of the Company to make a payment in respect of Taxation to any person which has arisen or arises as a result of or in connection with any Event which has occurred on or before Completion, whether or not such liability has been discharged on or before Completion, including but not limited to any liability of the Company to make a payment in respect of Taxation to any person under any indemnity, covenant, guarantee or charge entered into by the Company on or before Completion;
- 2.6 any Liability to Taxation in respect of inheritance tax which:
 - 2.6.1 is at or becomes after Completion, as a result of the death of any person within seven years after a transfer of value (or a deemed transfer of value) on or before Completion, a charge on any of the Shares or the assets of the Company or gives rise to a power to sell, mortgage or charge any of the Shares or the assets of the Company; or
 - 2.6.2 arises as a result of a transfer of value occurring or being deemed to occur on or before Completion whether or not in conjunction with the death of any person whenever occurring) which increased or decreased the value of the estate of the Company; and
- 2.7 any Liability to Taxation in respect of the emoluments of employees or directors of the Company arising in respect of periods ended on or before Completion and arising from their employment or directorships with the Company or in respect of services rendered by an individual to the Company where Taxation has not been

properly accounted for or proper returns have not been made in respect of emoluments and which the Company decides to pay whether or not the liability for such Taxation may be the liability of the employees or directors;

2.8 any costs, fees or expenses (including reasonable and proper legal costs) incurred by the Company or the Purchaser in connection with:

2.8.1 any Liability to Taxation or other liability in respect of which the Vendors are liable under any of paragraphs 2.1 to 2.7 above; or

2.8.2 any Dispute or any Tax Claim; or

2.8.3 taking or defending any action (including but not limited to legal proceedings) under this Schedule 4.

3 Quantification

For the purposes of paragraph 2 the amount of a Liability to Taxation or other liability will be determined as follows:

3.1 the amount of a Liability to Taxation falling within paragraph (a) of the definition of that expression in paragraph 1.1 will be the amount of the actual payment of Taxation which the Company is liable to make;

3.2 the amount of a Liability to Taxation falling within paragraph (b) of the definition of that expression in paragraph 1.1 will be the amount of Taxation saved by the Company or other Group Member as a result of the use of the Purchaser's Relief;

3.3 the amount of a Liability to Taxation falling within paragraph (c) of the definition of that expression in paragraph 1.1 will be

3.3.1 the amount of Taxation which would have been saved by the Company or other Group Member but for the loss of the Purchaser's Relief on the basis of the rates of Taxation current at the date of the loss, assuming for this purpose that the Company had sufficient profits or was otherwise in a position actually to use the Purchaser's Relief; or

3.3.2 if the Purchaser's Relief lost was a right to the repayment of Taxation, the amount of the repayment of Taxation so lost; and

3.3.3 the amount of a liability of the Company to make a payment in respect of Taxation under paragraph 2.5 will be the actual amount of the payment that the Company is liable to make under the indemnity, covenant, guarantee, charge, agreement or arrangement in question.

4 Exclusions

The Vendors will not be liable under paragraph 2 in respect of a Liability to Taxation or other liability of the Company to the extent to which:

- 4.1 such Liability to Taxation or other liability was discharged on or before Completion and the discharge of such Liability to Taxation or other liability was recognised in the Completion Accounts; or
- 4.2 specific provision or reserve was made in the Completion Accounts for such Liability to Taxation or other liability; or
- 4.3 payment has already been made in respect of such Liability to Taxation or other liability under this Schedule or under the Tax Warranties; or
- 4.4 such Liability to Taxation or other liability would not have arisen but for a change in legislation (including but not limited to an increase in the rates of Taxation) first enacted after Completion and not published before Completion; or
- 4.5 such Liability to Taxation or other liability would not have arisen but for any change after Completion of the basis upon which the accounts of the Company are prepared, or any change after Completion in the Company's accounting or Taxation practice, policies or principles other than (in either case) any change made in order to comply with:
 - (a) UK generally accepted accounting principles or practices; or
 - (b) law; or
 - (c) the published policy or practice of any Taxation Authority;

which is in force or (as appropriate) published at the date of this agreement.

5 Waiver

No delay or omission by the Purchaser in exercising any rights under this Schedule shall prejudice such rights or be construed as a waiver or partial waiver of such rights, nor shall it exclude the further exercise of such rights.

6 Deductions from Payments

- 6.1 Except as required by law all payments by the Vendors under this Schedule will be made free and clear of all deductions and withholdings (whether in respect of Taxation or otherwise).

- 6.2 If any deduction or withholding is required by law to be made from any payment by the Vendors under this Schedule or if (ignoring any available Relief) the Purchaser is subject to Taxation in respect of any payment by the Vendors under this Schedule, the Vendors covenant with the Purchaser to pay to the Purchaser such additional amount as is necessary to ensure that the net amount received and retained by the Purchaser (after taking into account such deduction or withholding or Taxation) is equal to the amount which the Purchaser would have received and retained had the payment in question not been subject to any deduction or withholding or Taxation (including any deduction or withholding or Taxation in respect of such additional amount).

7 Due Date for Payment

- 7.1 Subject to paragraphs 7.6 and 7.7, the due date for the making of a payment by the Vendors under this Schedule will be the later of the date falling ten Business Days after the Purchaser has served a notice on the Vendors demanding such payment and the date determined in accordance with paragraphs 7.2 to 7.5.
- 7.2 In any case involving a Liability to Taxation falling within paragraph (a) of the definition of that expression in paragraph 1.1 or any other liability of the Company to make an actual payment of Taxation, the second date mentioned in paragraph 7.1 will be the date falling ten clear Business Days before the last date upon which the payment is required to be made to the person entitled thereto (after taking into account any postponement of the due date for payment of any Taxation which is obtained).
- 7.3 In any case involving a Liability to Taxation falling within paragraph (b) of the definition of that expression in paragraph 1.1, the second date mentioned in paragraph 7.1 will be the date falling ten clear Business Days before the last date upon which the payment of Taxation which has been reduced or eliminated by the use of the Purchaser's Relief is or would have been required to be made to the relevant Taxation Authority.
- 7.4 In any case involving a Liability to Taxation falling within paragraph (c) of the definition of that expression in paragraph 1.1:
- 7.4.1 if the Purchaser's Relief lost was a Relief other than a right to repayment of Taxation, the second date mentioned in paragraph 7.1 will be the date falling ten clear Business Days before the last date upon which Taxation is or would have been required to be paid to the relevant Taxation Authority in respect of the period in which the Purchaser's Relief is lost; or
- 7.4.2 if the Purchaser's Relief lost was a right to repayment of Taxation, the second date mentioned in paragraph 7.1 will be the date upon which the repayment was due from the relevant Taxation Authority.

- 7.5 In any case involving a liability to pay any costs, fees or expenses to the Purchaser, the second date mentioned in paragraph 7.1 will be the date falling ten Business Days before the date on which any invoice relating to such costs, fees or expenses is due to be paid.
- 7.6 In any case involving a liability of the Vendors to pay an additional amount to the Purchaser under paragraph 6.2 as a result of:
- 7.7 any deduction or withholding being required by law to be made, the due date for payment of such additional amount will be the same as the due date for payment of the amount from which the deduction or withholding is required to be made; and
- 7.8 the Purchaser being subject to Taxation in respect of any payment, the due date for payment will be the later of the date falling ten Business Days after the Purchaser has served a notice on the Vendors demanding such payment and the date falling five clear Business Days before the last date upon which the Taxation is (or, but for the availability of any Relief, would have been) required to be paid to the relevant Taxation Authority (taking into account any postponement of the due date for payment of Taxation).
- 7.9 If any payment required to be made by the Vendors under this Schedule is not made by the due date, ascertained in accordance with this paragraph 7 then (save to the extent that the Purchaser is compensated for such late payment by virtue of the definition of "Taxation" extending to interest) such payment will bear interest from the due date for payment at the annual rate of 3% above the base lending rate from time to time of Lloyds Bank plc, accruing on a daily basis until payment is made whether before or after any judgement.

Claims Procedure

- 8.1 The Purchaser will as soon as is reasonably practicable give notice containing details of any Tax Claim to the Vendors provided that the giving of such notice will not be a condition precedent to the liability of the Vendors under paragraph 2.
- 8.2 Provided that the Vendors indemnify and secure the Company, and the Purchaser and all members of the same group of companies as the Purchaser to the reasonable satisfaction of the Purchaser against all losses, costs, damages and expenses (including interest on overdue Taxation) which may be incurred thereby, the Purchaser will procure that the Company, at the Vendors' cost and expense, takes such action and gives such information and assistance in connection with its Taxation affairs as the may reasonably and properly request to dispute, appeal against, settle or compromise any Tax Claim including but not limited to applying to postpone (as far as is legally possible) any payment of any Taxation;
- 8.3 Notwithstanding the previous provisions of this paragraph 8, the Purchaser shall not be obliged to procure that the Company appeals any decision beyond the first appellant body unless the Vendors have produced to the Purchaser an opinion of

tax counsel of not less than 7 years' standing and practising in the relevant area of law that such appeal is a reasonable action in all the relevant circumstances.

9 Savings

- 9.1 If (at the Vendors' request and expense) the Auditors determine that the Company has obtained a Saving, the Purchaser will as soon as is reasonably practicable thereafter repay to the Vendors the lesser of:

9.1.1 the Amount of the Saving (as determined by the Auditors); and

9.1.2 the amount paid by the Vendors under paragraph 2 in respect of the Liability to Taxation which gave rise to the Saving less any part of that amount previously repaid to the Vendors under any provision of this agreement or otherwise.

- 9.2 The Company will not obtain a Saving until the last date upon which it would have been obliged to make the actual payment of corporation tax which has been reduced or eliminated in order to avoid incurring interest thereon.

- 9.3 In determining whether the Company has obtained a Saving, the Auditors will act as experts and not as arbitrators and their determination will (in the absence of manifest error) be conclusive and binding on the parties.

10 Recovery from Third Parties

If the Company recovers from any other person any amount which is referable to a Liability to Taxation or other liability of the Company in respect of which the Vendors have made a payment under paragraph 2, the Purchaser will repay to the Vendors the lesser of:

- 10.1 the amount so recovered (less any losses, costs, damages and expenses incurred by the Company, or the Purchaser or any other member of the same group of companies as the Purchaser as a result of effecting recovery of that amount); and

- 10.2 the amount paid by the Vendors under paragraph 2 in respect of the Liability to Taxation or other liability in question less any part of such amount previously repaid to the Vendors under any provision of this agreement or otherwise.

11 Reduction of Purchase Price

Any amounts payable pursuant to this Schedule shall be deemed to constitute a reduction in the Consideration

Schedule 4

The Bond

- 1 In this Schedule the words below have the meaning next to them, unless the context requires otherwise:

Credit Balance

any credit balance on the Deposit Account from time to time including principal and interest but excluding any deduction for income tax on interest accrued on that account or a sum representing a liability to such income tax

Release Date

the third anniversary of Completion

Solicitors

the Sellers' Solicitors and the Buyer's Solicitors

- 2 The Bond shall be retained in the Deposit Account and can only be released in accordance with the terms of this Schedule.
3. Subject as provided in the remaining paragraphs of this Schedule the Bond shall be released to the Purchaser's solicitors on the Release Date.
4. The Bond shall become immediately payable to Mr Johnston and shall be released to the Vendors' Solicitors on the occurrence of any of the following events before the Release Date:
- 4.1 The termination of the Service Agreement by the Purchaser on less than 12 months notice for any reason other than gross misconduct;
- 4.2 The failure of the Purchaser to draw down on the Loan Agreement causing the Purchaser to make a voluntary arrangement with its creditors or to become subject to an administration order or go into liquidation (other than for the purposes of amalgamation or reconstruction).
5. The amount of the Bond released following the occurrence of the event stated in paragraph 4.1 of this Schedule shall be the remainder of the Bond following the deduction of any salary received by Mr Johnston in the period following notice having being given to terminate Mr Johnston's service agreement with the Purchaser and the actual termination of Mr Johnston's service agreement (being less than 12 months).

6. Any Credit Balance after any payments due under paragraph 4 have been made is payable to the Purchaser's Solicitors but only provided that such money is due for release under paragraph 3 of this Schedule.
7. If any payments are made to the Vendors' solicitors pursuant to this Schedule their receipt shall be a good discharge for such payment and neither the Purchaser nor the Purchaser's Solicitors shall have any obligation as to the distribution of any payment made pursuant to this Schedule.

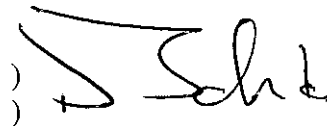
Schedule 5

Vendor Protection Provisions

1. The Vendors shall not be liable under this Agreement in respect of any claim made under the Warranties ('a Warranty Claim') unless notice of the Warranty Claim (specifying in reasonable detail the event, matter or default giving rise to the Warranty Claim and the amount claimed) has been given to the Vendors within 12 months after Completion.
2. The Vendors shall not be liable under this Agreement in respect of any Warranty Claim unless the aggregate amount of all liabilities of the Vendors hereunder exceeds £10,000 in which case the Vendors shall be liable for the whole amount of such liabilities and not merely for the excess.
3. Any Warranty Claim shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn at the expiration of the 6 month period immediately following the date of any notice given under paragraph 1 and the Vendors shall have no further liability in respect of any such claim unless proceedings in respect of it have by then commenced by being both issued and served on the Vendors.
4. The maximum aggregate amount for which the Vendors may be liable for any and all Warranty Claims shall be limited to £100,000.
5. The Purchaser will take all reasonable steps to avoid or mitigate any loss or liability which might give rise to a claim under this Agreement and will notify the Vendors as soon as it becomes aware of any potential claim.
6. The Purchaser will not be entitled to recover damages in respect of any claim for breach of any of the Warranties or otherwise obtain reimbursement or restitution under the Tax Covenants set out in Clause 8 and Schedule 3 more than once in respect of the same loss.
7. The Vendors shall not be liable in any respect of any Warranty Claim if the loss or damage giving rise to the Warranty Claim is covered by a policy of insurance of the Company, or would have been so covered if all of the policies of insurance of the Company in force immediately prior to Completion had been maintained thereafter on no less favourable basis.
8. For the purpose of enabling the Vendors to avoid, dispute, resist, mitigate, compromise, defend or appeal against any claim ("a Third Party Claim") brought against the Company by a third party which may give rise to a Warranty Claim or to decide what steps or proceedings should be taken in order to do so, the Purchaser shall:-

- 8.1 give notice to the Vendors within seven days of any Third Party Claim coming to its notice.
 - 8.2 give to the Vendors or his duly authorised representatives reasonable access to the personnel of the Purchaser to enable the Vendors and his duly authorised representatives to investigate any Third Party Claim; and
 - 8.3 subject to the Vendors first indemnifying the Purchaser and the Company against costs to the reasonable satisfaction of the Purchaser if the Vendors so requests delegate entirely to him the conduct of any proceedings arising in connection with any Third Party Claim and, in that event, give or cause to be given to the Vendors all such assistance as he may reasonably require in disputing the claim or enforcing the rights and instruct such solicitors or other professional advisers as the Vendors may nominate with the Purchaser's approval (not to be unreasonably withheld) to act in accordance with the Vendors' instructions on its behalf in connection with the relevant matter.
- 9 The Purchaser shall not accept or pay or compromise any Third Party Claims or make any submission in respect thereof without the prior written agreement of the Vendors (such agreement not to be unreasonably withheld).
- 10 Where a third party (including without limitation any Taxation Authority or the Company's insurers) is liable to the Purchaser or to the company in respect of any matter which has given rise to a liability on the part of the Vendors under or in respect of the Warranties which he has discharged in full the Purchaser shall procure (subject to an indemnity against costs for the Company and the Purchaser being secured by the Vendors to the reasonable satisfaction of the Purchaser) that reasonable endeavours are used to recover any amounts due from any such third party and the Purchaser shall forthwith upon recovery reimburse the Vendors whichever shall be the lower of the amount so recovered (net of any Taxation suffered by the Company or as the case may be the Purchaser thereon) or an amount equal to any sum paid by the Vendors in respect of such liability less (in each case) the costs of recovery reasonably incurred.

SIGNED by Duncan Johnston in the presence of:-

) 
)

W Sign

I

T Name

N

E Address

S

S Occupation



Steven Charles Bonfield

Chadwick Lawrence Solicitors

23a Bull Close Lane

Malvern
Suffolk

SIGNED by Hilary Johnston in the presence of:-

) 
)

W Sign

I

T Name

N

E Address

S

S Occupation



HUGO MARTIN

1 VALLEY COURT, CANAL ROAD, BRADFORD

SOLICITOR

SIGNED by Timothy Nicholas Gledhill on behalf of Brook Dyeing Company Limited in the presence of:-

) 
)
)

W Sign

I

T Name

N

E Address

S

S Occupation



Steven Charles Bonfield

As above