

1712354.

DATED

27 April

2000

NORLAND TRUSTEES LIMITED AND OTHERS

and

ERMGASSEN & CO. LIMITED AND OTHERS

and

UNITED ENERGY PLC

AGREEMENT

for the sale and purchase of the
entire issued share capitals of

ERMGASSEN & CO (JERSEY) LIMITED,
OC&C STRATEGY CONSULTANTS (JERSEY) LIMITED,
BRAIT CAPITAL (JERSEY) LIMITED
ANGEL HOLDINGS (JERSEY) LIMITED AND
WEB ANGEL GP LIMITED

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

Tel: 0171 524 6000

WE CERTIFY the within to be a
true copy of the original.
Nabarro Nathanson
Dated 7 August 2000
File U 120/40
Ref: 84/2XT
Lacon House
Theobald's Road
London
WC1X 8RW



U0120/00040/1315242 v.09

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AGREEMENT FOR SALE AND PURCHASE OF SHARES

DATE 27th April 2000

PARTIES

- (1) THE SEVERAL PERSONS named in **part 1 of schedule 1** (the "Sellers");
- (2) THE SEVERAL PERSONS named in **part 2 of schedule 1** (the "Warrantors"); and
- (3) UNITED ENERGY PLC (incorporated and registered in England and Wales under company number 01712354) the registered office of which is at Lacon House, 84 Theobald's Road, London WC1X 8RW (the "Purchaser").

RECITALS

- (A) The Companies are the limited partners of web-angel Limited Partnership which currently carries on the Business with its subsidiary undertaking web-angel Services Limited under the Business Name.
- (B) The Sellers have agreed to sell their respective interests in the Companies and the Purchaser has agreed to purchase such interests on the basis of the representations, warranties, undertakings, agreements and indemnities set out in this agreement.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

1.1 General definitions

In this agreement (including the schedules and the Recitals), the following definitions apply:

"Accounts"

the consolidated accounts of the Partnership as at and for the period ended on the Accounts Date together with the notes and reports and other documents annexed to them, a copy of which is attached to the Disclosure Letter;

"Accounts Date"

31 March 2000;

“Additional Consideration”

the consideration (if any) payable by the Purchaser to the Sellers pursuant to **clause 6 and schedule 5**;

“Additional Consideration Shares”

the new Ordinary Shares to be issued pursuant to **clause 6 and schedule 5**;

“Admission”

the admission of all the existing issued Ordinary Shares and the Consideration 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;

“the AIM Model Code”

the model code for dealings in securities of companies traded on AIM as set out in the Appendix to the AIM Rules;

“AIM Rules”

chapters 16 and 17 of the Listing Rules (as amended from time to time);

“Brait Company”

Brait Capital (Jersey) Limited, details of which are set out in **part 1 of schedule 2**;

“Brait Disclosure Letter”

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

“Brait Seller”

Brait International Limited;

“Brait Shares”

the 10,000 ordinary shares of £1 each in the capital of the Brait Company;

“Brait Warranties”

the warranties made by the Brait Warrantor in **clause 8.2** in relation to the statements set out in **part 2 of schedule 3**;

“Brait Warrantor”

Brait International Limited;

“Brait Warranty Claim”

a claim by the Purchaser against the Brait Warrantor for breach of any of the Brait Warranties;

“Business”

the business currently carried on by the web-angel Group comprising the investment in e-commerce companies and the provision of strategy consulting and corporate advisory services to such investee companies;

“Business Day”

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

“Business Name”

web-angel;

“Chris Eyles Agreement”

the agreement in the Agreed Form between Bedell Cristin Trustees Limited as Trustees of the Chris Eyles Family Trust (1) and The Trustees of the Ermgassen Trust, the Ziwagi Trust, the Ermgassen EBT, OC&C Strategy Consultants Limited Partnership and Brait (2);

“Companies”

the Brait Company, the Ermgassen Company, the Eyles Trust Company, the OC&C Company and the General Partner, and reference to “**Company**” shall be to any one of them;

“Companies Act”

the Companies Act 1985;

“Completion”

completion of the sale and purchase of the Shares in accordance with **clause 7**;

“Completion Date”

the time and date originally set for Completion pursuant to **clause 7** or, if Completion is deferred pursuant to that clause, the time and date to which Completion is deferred;

“Conditions”

the conditions precedent 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, being the *Initial Consideration and the Additional Consideration (if any)*;

“Consideration Shares”

the 90,747,755 new Ordinary Shares to be issued on Completion to the Sellers in the proportions set out in **column 6 of part 1 of schedule 1**;

“Directors”

the persons listed as directors of the Companies at the date of this agreement as set out in **schedule 2**;

“Ermgassen Company”

Ermgassen & Co (Jersey) Limited, details of which are set out in **part 2 of schedule 2**;

“Ermgassen Sellers”

Norland Trustees Limited as the trustee of the Ermgassen & Co Employee Benefit Trust and BGL Reads Trust Company Limited as trustee of each of The Ermgassen Trust and The Ziwagi Trust;

“Ermgassen Shares”

the 10,000 ordinary shares of £1 each in the capital of the Ermgassen Company;

“Extraordinary General Meeting”

the proposed extraordinary general meeting of the Company at which resolutions will be proposed to, inter alia, approve the Acquisition, to increase the Purchaser’s authorised share capital, to subdivide each of the existing issued and unissued ordinary shares of 10 p each in the capital of the Company into one ordinary share of 1p and one deferred share of 9p and to authorise the directors of the Purchaser to allot the *Consideration Shares and the Additional Consideration Shares*;

“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 any Company or the Partnership;

“Eyles Trust Seller”

Bedell Cristin Trustees Limited as trustee of The Chris Eyles Family Trust;

“Eyles Shares”

the 10,000 ordinary shares of £1 each in the capital of Eyles Trust Company;

“Eyles Trust Company”

Angel Holdings (Jersey) Limited, details of which are set out in **part 3** of schedule 2;

“General Partner”

Web Angel GP Limited, details of which are set out in **part 5** of schedule 2;

“GP Sellers”

Ermgassen & Co. Limited, OC&C Strategy Consultants Limited and Brait International Limited;

“GP Shares”

the 3 ordinary shares of £1 each in the capital of the General Partner;

“Initial Consideration”

£23,140,677.52 payable by the Purchaser to the Sellers pursuant to **clause 5** to be satisfied by the issue of the Consideration Shares to the Sellers;

“Intellectual Property”

patents, trade marks, rights in design (registered and unregistered) copyright (including rights in computer software), business or trade names (including without limiting the generality of the foregoing, the Business Name) 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 (and including) the date of this agreement to (and including) the Completion Date;

“Liability to Tax”

any liability to make an actual payment of Tax;

“Listing Rules”

the latest edition of the rules and regulations issued by the London Stock Exchange made under the Financial Services Act 1986;

“London Stock Exchange”

London Stock Exchange Limited;

“Non-Brait Companies”

the Companies other than the Brait Company;

“Non-Brait Disclosure Letter”

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

“Non-Brait Sellers”

the Ermgassen Sellers, the Eyles Trust Seller, the OC & C Seller and the GP Sellers;

“Non-Brait Warranties”

the warranties made by the Non-Brait Warrantors in **clause 8.1** in relation to the statements set out in **part 1 of schedule 3**;

“Non-Brait Warrantors”

Ermgassen & Co Limited, OC&C Strategy Consultants Limited, the OC&C Seller and Christopher Eyles;

“Non-Brait Warranty Claim”

a claim by the Purchaser against the Non-Brait Warrantors for breach of any of the Non-Brait Warranties;

“OC&C Seller”

OC&C Strategy Consultants Limited Partnership;

“OC&C Company”

OC&C Strategy Consultants (Jersey) Limited, details of which are set out in **part 4 of schedule 2**;

“OC&C Shares”

the 10,000 ordinary shares of £1 each in the capital of the OC&C Company;

“Official List”

the Official List of the London Stock Exchange;

“Ordinary Shares”

ordinary shares of 1p each in the capital of the Purchaser to be created pursuant to the Resolutions;

“Partnership”

the Web Angel Limited Partnership and web-angel Services Limited, details of which are set out in **part 6 of schedule 2**;

“Purchaser's Accountants”

KPMG Audit Plc;

“Purchaser's Accounts”

the consolidated accounts of the Purchaser's Group as at and for the period ended on the Purchaser's Accounts Date together with the notes and reports and other documents annexed to them, a draft copy of which is attached to the Purchaser Disclosure Letter;

“Purchaser's Accounts Date”

31 December 1999;

“Purchaser Disclosure Letter”

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

“Purchaser's Group”

the Purchaser and its subsidiary undertakings from time to time including, after Completion, the web-angel Group;

“Purchaser's Group Company”

any company or undertaking within the Purchaser's Group;

“Purchaser's Solicitors”

Nabarro Nathanson;

“Purchaser Warranties”

the warranties made by the Purchaser in **clause 8.3** in relation to the statements set out in **part 3 of schedule 3**;

“Purchaser Warranty Claim”

a claim by the Sellers against the Purchaser for breach of any of the Purchaser Warranties;

“Relevant Shares”

in respect of the Ermgassen Company, the Ermgassen Shares, in respect of the OC&C Company, the OC&C Shares, in respect of the Brait Company, the Brait Shares, in respect of the Eyles Trust Company, the Eyles Shares, and in respect of the General Partner, the GP Shares;

“Resolutions”

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

“Sellers’ Solicitors”

Field Fisher Waterhouse;

“Service Agreement”

the service agreement in the Agreed Form between (1) Penelope Hughes and (2) web-angel Services Limited;

“Shares”

the Brait Shares, the Ermgassen Shares, the Eyles Shares, the OC&C Shares and the GP Shares;

“subsidiary” and “subsidiary undertaking”

a subsidiary and subsidiary undertaking as respectively defined in sections 736 258 of the Companies Act;

“Tax”

all taxes, duties, levies, imposts, charges and withholdings of any nature whatsoever, whether created or imposed in any country in which the relevant person is incorporated, established, resident for tax purposes or to the laws of which it is subject, or elsewhere, and at whatever time created or imposed which are collected and administered by any Tax Authority in all cases together with all incidental or supplemental penalties, charges, interest, fines and default surcharges and costs;

“Tax Authority”

any taxing or other authority competent to impose, administer or collect any Tax;

“Tax Claim”

a claim under the tax covenant set out in **clause 13**;

“Warranties”

the Brait Warranties, the Non-Brait Warranties or the Purchaser Warranties (as the context requires);

“Warrantors”

the Brait Warrantor and the Non-Brait Warrantors;

“Warrantors’ Representative”

Ermgassen & Co. Limited;

“Warranty Claim”

a Brait Warranty Claim, Non-Brait Warranty Claim or a Purchaser Warranty Claim (as the context requires); and

“web-angel Group”

the Companies and the Partnership.

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;

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 the knowledge, information, belief or awareness of any person shall be deemed to include any knowledge, information, belief or awareness which the person would have if the person had made all due and careful enquiries; and

2.2.7 a reference to writing shall include any mode of reproducing words in a legible and non-transitory form.

2.3 Except where otherwise expressly provided in this agreement 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 jointly and severally.

2.4 The liability of any person who is jointly and severally liable with any one or more other persons may, in whole or in part, be released, compounded or compromised or other

relaxation or indulgence may be given by the person to whom they are liable (in its absolute discretion) without in any way prejudicing or affecting its rights against any other person liable to it.

- 2.5 A reference to any English statutory provision shall be construed as including a reference to that statutory provision (if any) applicable in each country, state or other jurisdiction in which any member of the web-angel Group is incorporated, established, resident or to the laws of which it is subject, which most nearly approximates to or relates to similar subject matter, mutatis mutandis, as such English statutory provision.

3. CONDITIONS

- 3.1 Except for the obligations set out in this **clause 3** and in **clauses 11** (Warrantors' and Purchaser's obligations prior to Completion), **14** (Announcements), **15** (Other Provisions) (other than **clause 15.1**), **16** (Notices) and **17** (Law and jurisdiction), the obligations of the parties under this agreement are in all respects conditional on:
- 3.1.1 the passing of the Resolutions;
 - 3.1.2 Admission; and
 - 3.1.3 the Purchaser having received evidence reasonably satisfactorily to it that the Capital Commitments of each of the Companies due under the web-angel Limited Partnership Agreement to which the Companies are a party have been paid up in full.
- 3.2 The Warrantors shall provide or procure the provision to the Purchaser of all necessary information for the purpose of satisfying the Condition, including, without limitation, all information relating to themselves, the Companies, the Partnership and the Business required by 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 30 June 2000.
- 3.4 If the Condition is not satisfied in accordance with this **clause 3** then the provisions of this agreement with the exception of those referred to in **clause 3.1** shall immediately terminate and cease to have effect without prejudice to any right or remedy in connection with any outstanding breach of this agreement.

4. SALE AND PURCHASE

- 4.1 Subject to fulfilment of all of the Conditions, the Sellers (each as to those of the Shares specified in **part 1** of **schedule 1**) shall sell (or procure the sale) and the Purchaser shall purchase the Shares with effect from Completion.
- 4.2 The Warrantors covenant with the Purchaser that:
- 4.2.1 the Shares constitute the whole of the allotted and of the issued share capital of the Companies;

- 4.2.2 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;
- 4.2.3 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;
- 4.2.4 the Sellers shall (and shall procure that any necessary third party shall) at their own expense, do, execute and perform all such further acts, deeds, documents and things as the Purchaser may reasonably request to vest any of the Shares in the Purchaser.
- 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 under the articles of association of the Companies or otherwise.
- 4.4 The Purchaser shall not be obliged 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 but completion of the purchase of some of the Shares will not affect the rights of the Purchaser with respect to the purchase of the other Shares.

5. CONSIDERATION

- 5.1 The consideration for the sale of the Shares shall be the Initial Consideration and the Additional Consideration which shall be satisfied by the allotment and issue to the Sellers of that proportion of the Consideration Shares set against their respective names in **column 3 of part 1 of schedule 1** and the Additional Consideration Shares in accordance with **clause 6 and schedule 5**.
- 5.2 Each of the Sellers undertakes with the Purchaser that, for a period of twelve months from the Completion Date, it will not without the prior written consent of the Purchaser dispose of any of the Consideration Shares or the Additional Consideration Shares issued to it pursuant to this agreement or any shares in the capital of the Purchaser allotted and issued by way of capitalisation or bonus issue in respect of or with reference to such Consideration Shares or Additional Consideration Shares provided that this restriction shall not prevent a Seller from transferring any Consideration Shares during the said period to members of the same group of companies as the Seller concerned subject only to the Sellers procuring that such transferee shall have entered into a deed of adherence (in a form reasonably satisfactory to the Purchaser) agreeing to be bound by the terms of this agreement as if named herein as a Seller.
- 5.3 Save in relation to a transfer of ordinary shares in the capital of the Purchaser by Bedell Cristin Trustees Limited pursuant to the Chris Eyles Agreement, if, at any time during the twelve month period referred to in **clause 5.2** above or twenty four months thereafter, any of the Sellers becomes entitled and intends at any time to sell, transfer or otherwise dispose of any of the Consideration Shares or any of the Additional Consideration Shares or any other ordinary shares in the capital of the Purchaser to which they become beneficially entitled in the future it shall, prior to entering into any such sale, transfer or other disposal, give written notice to the Purchaser's brokers at the

relevant time of such intention which notice shall set out the number of shares intended to be sold, transferred or otherwise disposed of. For a period of 5 Business Days from (but excluding) the date of receipt by such brokers of such notice, such brokers shall be entitled to purchase or to procure purchasers for all or any of the shares mentioned in such notice at a price not less than the best price reasonably obtainable for a holding of the Ordinary Shares of the size being sold and otherwise on terms which accord with normal stockbroking practice provided always that the terms of such sale (including broker's commission) shall be no less favourable than those otherwise offered to the relevant Seller. The Seller concerned shall, upon expiry of the period of 5 Business Days referred to above, be entitled to sell all or any of the shares referred to in such notice but only within a period of 14 Business Days from such expiry.

- 5.4 The Purchaser warrants to the Sellers that the Consideration Shares and the Additional Consideration Shares, on issue, shall rank *pari passu* in all respects with the Ordinary Shares in issue at the relevant time.
- 5.5 Each of the Sellers severally agrees that any sale, transfer or other disposal of (or agreement to sell, transfer or dispose of) any Ordinary Shares or any interest in Ordinary Shares shall be made:
 - 5.5.1 in accordance with any applicable laws and regulations;
 - 5.5.2 in accordance with the share dealing code of the Purchaser and the AIM Model Code if different.
- 5.6 Each of the Sellers severally agrees to provide to the Purchaser's company secretary from time to time two Business Day's prior written notification of any sale, transfer or other disposal of (or agreement to sell, transfer or dispose of) any Ordinary Shares or any interest in Ordinary Shares effected by it.
- 5.7 Each of the Sellers shall respectively take reasonable steps to ensure that each person associated/connected with it who hold from time to time Ordinary Shares will comply with the restrictions referred to in this clause 5. For the purposes of this clause 5.7 a person is associated/connected with a Seller if that person:
 - 5.7.1 is a Connected Person of that Seller; or
 - 5.7.2 is an employee of that Seller or a Connected Person of that Seller; or
 - 5.7.3 would have a duty to notify the Company under section 324 or section 328 of the Companies Act 1985 of any sale or sales in Ordinary Shares.
- 5.8 The restrictions contained in this clause 5.2 and 5.3 shall not apply:
 - 5.8.1 to an acceptance to a general offer for the share capital of the Purchaser made in accordance with The City Code on Takeovers and Mergers (the "City Code") or, in response to a request from the offeror, the provision of an irrevocable undertaking to accept such offer or a sale of shares to an offeror during an offer period (within the meaning of the City Code); or
 - 5.8.2 without prejudice to any obligation or restriction on any Seller under the AIM Rules, to a disposal by a Seller to any Connected Person of that Seller or of any of the

Warrantors or any employee or director of any of them or any Connected Person of any such employee or director provided that any transferee shall have entered into a deed of adherence (in a form reasonably satisfactory to the Purchaser) agreeing to be bound by the terms of this agreement as if named herein as a Seller.

6. ADDITIONAL CONSIDERATION

- 6.1 The provisions of **schedule 5** shall apply to provide additional consideration for the Shares.
- 6.2 The Purchaser agrees to use its reasonable endeavours to enter into an agreement with the trustee of an employee benefit trust to be set up by the Purchaser pursuant to which the Purchaser shall agree to vest in such trustee for the benefit of such trust similar rights as are set out in **Schedule 5** over new Ordinary Shares representing 4 per cent of the enlarged issued share capital of the Purchaser following the latter to occur of Completion or the issue of shares (if any) pursuant to a fund raising to which the definition of Further Qualifying Shares in **Schedule 5** is being applied. The terms and conditions of issue to the employee benefit trust shall be substantially similar to those set out in **Schedule 5** save that:
- (a) in the formulae referred to in paragraph 4 of **Schedule 5**, the figure "0.04" shall be substituted for the figure "0.16" wherever it appears; and
 - (b) the figure "1.333" shall be substituted for the figure "5.333" in the definition of "Hurdle Net Asset Value" and "Hurdle Share Price" in paragraph 1 of **Schedule 5** and in paragraph 3(a) of **Schedule 5**.

7. COMPLETION

7.1 Time and place of Completion

Completion shall take place at the offices of the Purchaser's Solicitors (except for the matter provided for in section 7.2.1 which shall occur at an address to be agreed in Jersey or Guernsey) immediately following fulfilment of all of the Conditions.

7.2 Warrantors' delivery obligations

At Completion, each of the Sellers and Warrantors (in respect of the Companies in which they or any of their respective Connected Persons are interested) and web-angel Services Limited shall deliver (or procure the delivery) to the Purchaser such of those documents and other property as is set out below to which they are party or which they own:

- 7.2.1 duly executed transfers of the Relevant Shares to the Purchaser and/or its nominee(s) together with the definitive share certificates in respect of the Relevant Shares in the names of the relevant transferors;

- 7.2.2 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 or Warrantors;
- 7.2.3 if the Purchaser cannot be registered as the holder of any of the Shares forthwith after Completion, duly executed powers of attorney in the Agreed Form in favour of the Purchaser executed by each of the registered holders of any such Shares;
- 7.2.4 any waivers, consents or other documents necessary to vest in the Purchaser the full legal and beneficial interest in the Shares and to enable the Purchaser and/or its nominee(s) to be registered as owners of them;
- 7.2.5 a written resignation and release executed as a deed in such form as the Purchaser may reasonably require from Richard Boleat as a director of the Ermgassen Company;
- 7.2.6 the statutory registers and other books of each of the Companies made up to date, the certificate of incorporation and certificate of incorporation on change of name, the common seals and copies of the memorandum and articles of each of the Companies;
- 7.2.7 the Service Agreement duly executed by Penelope Hughes and web-angel Services Limited;
- 7.2.8 all papers, books, records, keys and other property of each of the Companies in the possession or under the control of each of the Sellers or any officer or employee of each of the Companies resigning at Completion; and
- 7.2.9 deeds of assignment from Ermgassen & Co. Limited or Olav Ermgassen (as the case may be) to the Purchaser in such form as the Purchaser may reasonably require in respect of the "web-angel" trade mark registration or application for such registration (as is appropriate at Completion) and the domain name registrations www.web-angel.co.uk and www.web-angel.org.uk and www.web-angel.org and www.web-angel.com.

7.3 Warrantors' performance obligations

At Completion, each of the Warrantors (in respect of the Companies in which they or their respective Connected Party is interested) shall procure that a meeting of the directors of the Companies shall be held at which it is resolved to:

- 7.3.1 approve the transfers of the Relevant Shares and (subject to them being duly stamped) the registration of the Purchaser and/or its nominee(s) as members in respect of the Relevant Shares;
- 7.3.2 appoint KPMG Audit plc as auditors of the Company with immediate effect;
- 7.3.3 change the registered office of the Company to such place as the Purchaser may nominate;
- 7.3.4 change the accounting reference date of the Company to 31 December ; and
- 7.3.5 record the resignation of Richard Boleat as referred to in **clause 7.2.5**; and
- 7.3.6 pass such other resolutions as the Purchaser may reasonably require.

7.4 Purchaser's obligations

7.4.1 Upon completion of all the matters referred to in **clauses 7.2 and 7.3** the Purchaser shall procure that a meeting of the directors of the Purchaser shall be held at which it is resolved to:

- (a) appoint Penelope Hughes, Christopher Eyles, Christopher Stainforth, Christopher Outram, Paul Jessiman, Geoffrey Mott and Peter Jungen, as directors of the Purchaser with immediate effect;
- (b) record the resignations of John Billington, Derek Howard-Orchard and John Hoskinson as directors of the Purchaser; and
- (c) approve the allotment and issue of the Consideration Shares to the Sellers in accordance with this agreement.

7.4.2 Upon completion of all the matters referred to in **clauses 7.2 and 7.3** the Purchaser shall:

- (a) allot and issue the Consideration Shares to the Sellers (or their respective nominees); and
- (b) deliver (or procure the delivery of) to the Sellers (or their respective nominees) definitive share certificates in the name of the Sellers (or their respective nominees) in respect of the Consideration Shares allotted to them (and the Sellers shall be entered in the Purchaser's register of members as the holder of the Consideration Shares allotted to them).

7.5 Failure to comply

If the Warrantors shall fail fully to comply with any of their obligations under **clauses 7.2 and 7.3** on the date fixed for Completion pursuant to **clause 7.1**, the Purchaser shall, without prejudice to any other rights or remedies which it may have, be entitled to:

- 7.5.1 defer 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 7.5.1** shall also apply to Completion as so deferred); or
- 7.5.2 terminate this agreement; or
- 7.5.3 proceed to Completion so far as is practicable.

8. WARRANTIES

8.1 The Non-Brait Warrantors warrant to the Purchaser (for itself and as trustee for the Non-Brait Companies and the Partnership) in the terms of the statements set out in **part 1 of schedule 3** as such statements relate to the Partnership and the Business as at the date of this agreement. Ermgassen & Co. Limited warrants to the Purchaser (for itself and as trustee for the Ermgassen Company and the Partnership) in the terms of the statements set out in **part 1 of schedule 3** as such statements relate to the Ermgassen Company as at the date of this agreement. The OC&C Seller and OC&C Strategy Consultants Limited warrant to the Purchaser (for itself and as trustee for the OC&C Company and the Partnership) in the terms of the statements set out in **part 1 of schedule 3** as such

statements relate to the OC&C Company as at the date of this agreement. Christopher Eyles warrants to the Purchaser (for itself and as trustee for the Eyles Trust Company and the Partnership) in the terms of the statements set out in **part 1 of schedule 3** as such statements relate to the Eyles Trust Company.

- 8.2 The Brait Warrantor warrants to the Purchaser (for itself and as trustee for the Brait Company and the Partnership) in the terms of the statements set out in **part 2 of schedule 3** as at the date of this agreement.
- 8.3 The Purchaser warrants to the Sellers in the terms of the statements set out in **part 3 of schedule 3** as at the date of this agreement.
- 8.4 The Warrantors acknowledge that the Purchaser in entering into this agreement has relied on the Non-Brait Warranties and the Brait Warranties.
- 8.5 The Warrantors agree with the Purchaser (for itself and as trustee for the Companies and the Partnership) (in the absence of fraud) to waive any right or remedy which the Warrantors may have against any of the Companies or the Partnership or any present or former director, employee or agent of any of the Companies or the Partnership in connection with any representation, warranty, agreement or statement by any such person in relation to this agreement and any other document to be executed in connection with it.
- 8.6 Each of the Warranties shall be construed as a separate and independent provision.
- 8.7 The Purchaser warrants to the Sellers as follows:
 - 8.7.1 the Purchaser has the corporate capacity, the legal right and full power and authority to enter into and perform this agreement, which, when executed, will constitute valid and binding obligations on the Purchaser in accordance with its terms;
 - 8.7.2 the Purchaser is duly incorporated and validly existing under the Companies Act 1985 (as amended);
 - 8.7.3 the execution and delivery of, and the performance by the Purchaser of its obligations under, this agreement will not:
 - (a) result in any breach of the memorandum and articles of association of the Purchaser; or
 - (b) result in a breach of any order, judgement or decree of any court, governmental agency or regulatory body to which the Purchaser is a party or by which the Purchaser is bound.
- 8.8 Each of the Sellers and the Warrantors warrants to the Purchaser on its own behalf as follows:
 - 8.8.1 such Seller or Warrantor has the corporate capacity, the legal right and full power and authority to enter into and perform this agreement, which, when executed, will constitute valid and binding obligations on such Seller or Warrantor in accordance with its terms;
 - 8.8.2 such Seller or Warrantor is duly incorporated and validly existing under the Companies Act 1985 (as amended) or the equivalent in any other jurisdiction;

- 8.8.3 the execution and delivery of, and the performance by such Seller or Warrantor of its obligations under, this agreement will not:
- (a) result in any breach of the memorandum and articles of association of such Seller or Warrantor; or
 - (b) result in a breach of any order, judgement or decree of any court, governmental agency or regulatory body to which such Seller or Warrantor is a party or by which such Seller or Warrantor is bound.

9. LIMITATIONS TO THE WARRANTIES

- 9.1 The liability of the Warrantors and the Purchaser in respect of Warranty Claims shall be subject to the limitations and exclusions set out in **schedule 5**.
- 9.2 The exclusions and limitations set out **schedule 5** shall not apply to the Warrantors or the Purchaser in relation to Warranty Claims which arise, or to the extent to which they arise or are increased, as the consequence of, or which are delayed as the result of, fraud or wilful misconduct by the Warrantors or the Purchaser (as the case may be).

10. PURCHASER'S REMEDIES

10.1 Right to rescind

If, at any time up to and including the date of Completion, the Purchaser becomes aware (whether as a consequence of any notification made by the Warrantors or otherwise) of any fact, matter or circumstance which would have constituted a breach of the Brait Warranties or the Non-Brait Warranties had all or any of them been repeated at all times up to and including the date of Completion on the basis of the facts as they then shall exist which alone or together with any other such deemed breach of the Brait Warranties or the Non-Brait Warranties, has a material adverse effect on the Partnership or the Business, then the Purchaser may terminate this agreement by giving notice in writing to the Warrantors' Representative to that effect but failure to exercise this right shall not constitute a waiver of any other rights of the Purchaser arising out of any breach of the Brait Warranties or the Non-Brait Warranties. Termination of this agreement under this clause shall not affect any other right or remedy available to the Purchaser arising from or in connection with this agreement. If the Purchaser exercises its right to terminate this agreement in accordance with the provisions of this **clause 10.1** then the Warrantors shall be obliged to reimburse to the Purchaser all its reasonable out of pocket expenses (including the costs and expenses of its professional advisers) reasonably and properly incurred up to the date of such termination in connection with the negotiation, preparation and execution of this agreement and the transaction to which this agreement relates. Such payment shall be made within seven Business Days of receipt by the Warrantor's Representative of an invoice relating thereto.

10.2 Tax

- 10.2.1 If, in respect of or in connection with any Warranty Claim, any amount payable to the Purchaser by any Warrantor is subject to Tax, the amount to be paid to the Purchaser by the relevant Warrantor 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.
- 10.2.2 If, in respect of or in connection with any Warranty Claim, any amount payable to the Sellers by the Purchaser is subject to Tax, the amount to be paid to the Sellers by the Purchaser shall be such as to ensure that the net amount retained by the Sellers after Tax has been taken into account is equal to the full amount which would have been payable to the Sellers had the amount not been subject to Tax.

11. RESTRICTIVE COVENANTS

11.1 Restrictions

For the purposes of assuring to the Purchaser the full benefit of the Business and in consideration of the Purchaser entering into this agreement on the terms hereof, each of the Warrantors undertake to and covenant with the Purchaser (for itself and as trustee for all purchasers of the Companies, the Partnership or the Business, the Purchaser hereby declaring itself as trustee accordingly) that it will not and will use its reasonable endeavours to procure that no member of its group of companies shall, either on its own account or jointly with or as manager, agent, officer, consultant, principal shareholder or otherwise on behalf of any other person, firm or corporation directly or indirectly:

- 11.1.1 for a period of 3 years from Completion solicit or entice away or endeavour to solicit or entice away from the Company on behalf of a business which competes with the Business any person employed in an executive, technical or sales capacity at Completion with a view to inducing that person to leave such employment and to act for another employer in the same or a similar capacity in relation to the same field of work;
- 11.1.2 subject to **clause 11.5** at any time use the Business Name or any similar name or any variation of it which is likely to be confused with it in connection with any business which competes with the Business;
- 11.1.3 at any time after Completion disclose (save to the extent required by law) or use, for its own benefit or that of any other person, any confidential information which is in its possession concerning the business or affairs of the Company or of any person having dealings with the Company.
- 11.2 For so long as it is a shareholder in the Purchaser, each of the Warrantors (other than Christopher Eyles) undertakes to and covenants with the Purchaser (for itself and as trustee for all purchasers of the Companies, the Partnership or the Business, the Purchaser hereby declaring itself as trustee accordingly) that it will not and will procure that none of its subsidiaries will hold (either beneficially or non-beneficially, and alone or when

aggregated with the holdings of any of such subsidiaries) more than 5 per cent in aggregate of any class of securities issued by an e-commerce incubator or accelerator company which operates a business in the UK and Europe similar in nature to that operated by the Partnership or the Purchaser.

11.3 Reasonableness

The restrictions in **clauses 11.1 and 11.2** are considered to be reasonable by the parties for the legitimate protection of the business and goodwill of the Partnership but each of them is distinct and severable from the others and if at any time one or more of such restrictions is determined to be unenforceable (whether wholly or to any extent) the enforceability of the remaining restrictions (or the same restriction to any other extent) shall not in any way be affected or impaired.

11.4 Further restrictions

The restrictions in **clauses 11.1 and 11.2** are given to the Purchaser for itself and as trustee for the web-angel Group and each of the Warrantors agrees that it will at the request and cost of the Purchaser enter into a further agreement with any member of the web-angel Group pursuant to which it will accept restrictions corresponding to the restrictions in this agreement (or such of them as the Purchaser in its absolute discretion shall deem appropriate). In exercising any right as trustee for the web-angel Group under this agreement, the Purchaser shall be entitled to limit the action it takes to such action as it may, in its absolute discretion, consider reasonable.

11.5 Each of the Warrantors shall be entitled to promote the fact of its involvement in the Business subject to the duties of confidentiality referred to in **clause 11.1.5**.

11.6 The Purchaser undertakes to and covenants with the Sellers that it will not and will procure that none of its subsidiaries shall, either on its own account or jointly with or as manager, agent, officer, consultant, principal shareholder or otherwise on behalf of any other person, firm or corporation directly or indirectly for a period of 3 years from Completion solicit or entice away or endeavour to solicit or entice away from any of the Warrantors on behalf of a business which competes with the respective business of that Warrantor any person employed in an executive, technical or sales capacity at Completion with a view to inducing that person to leave such employment and to act for another employer in the same or a similar capacity in relation to the same field of work.

12. WARRANTORS' AND PURCHASER'S OBLIGATIONS PRIOR TO COMPLETION

12.1 Each of the Warrantors shall insofar as it is within its respective control procure that each Company and the Partnership will continue its respective business 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 Company and the Partnership will comply in all material respects with all requirements of law relating to the conduct of such business.

- 12.2 Each of the Warrantors shall promptly disclose to the Purchaser in writing any matter or thing of which is actually aware, which arises or becomes known to him before Completion which in his reasonable opinion is or is reasonably likely to be a material breach of the Warranties or which is or is reasonably likely to be a material breach of or which in his reasonable opinion does or is reasonably likely to otherwise give rise to a material claim under any other provision of this agreement.
- 12.3 Without limiting the generality of **clause 12.1**, each of the Warrantors undertakes insofar as it is within its respective control 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 Company or the Partnership without the prior written consent of the Purchaser (which shall not be unreasonably withheld):
- 12.3.1 the entry into or the variation of any contract or the assumption of any liability which is outside the ordinary course of the Business;
 - 12.3.2 the making of any change in the nature, scope or organisation of the Business;
 - 12.3.3 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);
 - 12.3.4 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;
 - 12.3.5 the entry into any agreement or arrangement which is not on arms' length terms;
 - 12.3.6 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 Purchaser's conduct of the Business;
 - 12.3.7 the admission of any person whether by subscription or transfer as a member of any Company;
 - 12.3.8 the reduction of the share capital, share premium account, capital redemption reserve or any other reserve of any Company, the reduction of any uncalled liability in respect of partly paid shares of any Company;
 - 12.3.9 the taking of steps to wind up or dissolve any Company or the Partnership;
 - 12.3.10 the modification of any of the rights attached to any shares in any 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 Company or the issue of any obligations convertible into shares;
 - 12.3.11 the capitalisation or repayment of any amount standing to the credit of any reserve of any Company or the redemption or purchase of any shares or any other reorganisation of the share capital of any Company;

- 12.3.12 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 Company or the Partnership other than pursuant to a legally binding obligation existing at the date of this agreement and disclosed in the Disclosure Letter;
- 12.3.13 the passing of any resolution by the members of any Company, including any alteration to the Memorandum or Articles of Association of any Company;
- 12.3.14 the giving by any Company or the Partnership of any guarantee, indemnity or surety other than in the ordinary course of the respective business of that Company or the Partnership;
- 12.3.15 the making of any capital commitment by all or any of the Companies or the Partnership in excess of £50,000 per individual item;
- 12.3.16 the acquisition by any Company or the Partnership of any shares of any other company or any interest in any partnership, consortium, association or joint venture;
- 12.3.17 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);
- 12.3.18 the creation or issue or allowing to come into being 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 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;
- 12.3.19 the entry into, termination or material amendment of any contract, transaction or arrangement by any Company or the Partnership to which any of them is a party;
- 12.3.20 the commencement or settlement of any litigation or arbitration proceedings by any Company or the Partnership (other than for the collection of debts not exceeding £20,000 per claim or £100,000 in aggregate);
- 12.3.21 the declaration or distribution of any dividend or other payment out of distributable profits of any of the Companies or the Partnership;
- 12.3.22 any agreement, conditional or otherwise, to do any of the foregoing.
- 12.4 The Purchaser undertakes that 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 Warrantors' Representative (which shall not be unreasonably withheld or delayed);
 - 12.4.1 the making of any loans or the grant of any credit;
 - 12.4.2 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;
 - 12.4.3 the entry into any agreement or arrangement which is not on arms' length terms;

- 12.4.4 the taking of any action outside the ordinary course of Purchaser (as carried on at the date hereof) which could have a material adverse effect upon the Purchaser;
- 12.4.5 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;
- 12.4.6 the taking of steps to wind up or dissolve any Purchaser Group Company;
- 12.4.7 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;
- 12.4.8 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;
- 12.4.9 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;
- 12.4.10 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;
- 12.4.11 the making of any capital commitment;
- 12.4.12 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;
- 12.4.13 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);
- 12.4.14 the creation or issue or allowing to come into being 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;
- 12.4.15 the entry into, termination or material amendment of any contract, transaction or arrangement by any Purchaser Group Company to which any of them is a party;
- 12.4.16 the commencement or settlement of any litigation or arbitration proceedings by any Purchaser Group Company; or
- 12.4.17 any agreement, conditional or otherwise, to do any of the foregoing.

13. TAX COVENANT

- 13.1 Subject to **clause 13.2** and **clause 13.3**, the Warrantors hereby covenant to pay to the Purchaser an amount equal to any Liability to Tax which the Purchaser (other than any stamp duty for which the Purchaser is liable in respect of this agreement) or any Company or web-angel GP Limited or web-angel Services Limited may suffer, sustain or incur, or which may be made against any of the Purchaser or any Company or web-angel GP Limited or web-angel Services Limited in consequence of or by reference to:-
- 13.1.1 any Event occurring on or before Completion; or
- 13.1.2 any income, profits or gains which accrued, or which were earned or received on or before or in respect of a period ending on or before Completion and which have been distributed to the Sellers;
- 13.2 **Clause 13.1** shall not cover any Liability to Tax;
- 13.2.1 to the extent that specific provision or reserve in respect of such Liability to Tax was made in the Accounts; or
- 13.2.2 to the extent that such Liability to Tax arises or is increased as a result of any changes in rates of Tax announced and made after the date of Completion but having retrospective effect; or
- 13.2.3 to the extent that it occurs as a result of or is otherwise attributable to any legislation not in force at the date hereof which takes effect retrospectively;
- 13.2.4 to the extent that such Liability to Tax has arisen or arises in the ordinary course of conducting the Business after the Accounts Date but before Completion.
- 13.3 The covenant in **clause 13.1** shall be given by the Warrantors jointly and severally in respect of any Liability to Tax arising out of web-angel GP Limited or web-angel Services Limited. The covenant in **clause 13.1** shall be given by Ermgassen & Co Limited in respect of any Liability to Tax arising out of or in connection with the Ermgassen Company. The covenant in **clause 13.1** shall be given by the Brait Warrantor in respect of any Liability to Tax arising out of or in connection with the Brait Company. The covenant in **clause 13.1** shall be given by Christopher Eyles in respect of any liability to Tax arising out of or in connection with the Eyles Trust Company. The covenant in **clause 13.1** shall be given by the OC&C Strategy Consultants Limited and OC&C Strategy Consultants Limited Partnership in respect of any Liability to Tax arising out of or in connection with the Brait Company.

14. 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 the Warrantors' Representative and the Purchaser 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 any party by law or pursuant to the rules and regulations of the London Stock Exchange

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 Warrantors' Representative and the Purchaser 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 Warrantors' Representative and the Purchaser shall consult together upon the form of any such announcement or circular in relation to the subject matter of this agreement and each 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. The parties shall be entitled to reproduce for their respective investors in any format any information which comes into the public domain without obtaining the prior approval of each of the other parties.

15. OTHER PROVISIONS

15.1 Costs

15.1.1 The Purchaser 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.

15.1.2 The Purchaser shall procure that following Completion web-angel Limited Partnership shall pay the costs and expenses (including the Sellers' Solicitors legal fees and VAT (if any)) incurred by it and the Companies in connection with their respective formation and in connection with the negotiation, preparation and execution of this agreement and the completion of the transactions contemplated by this agreement but not, for the avoidance of doubt, any costs and expenses incurred by the Sellers or any Connected Person of the Sellers for private tax planning or legal advice.

15.2 Post-Completion

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.

15.3 Further assurance

Each of the Warrantors shall and shall each procure that any third party within its control shall do, execute and perform all further acts, deeds, documents and things as may be reasonably requested from time to time in order to implement all the provisions of this agreement.

15.4 Variation

No variation of this agreement shall be effective unless agreed in writing by or on behalf of each of the parties.

15.5 Entire agreement

15.5.1 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.

15.5.2 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.

15.6 Waivers and remedies

15.6.1 No failure or delay to exercise, or other relaxation or indulgence granted in relation to, any power, right or remedy under this agreement of any 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.

15.6.2 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.

15.7 Severability

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.

15.8 Successors

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.

15.9 Assignment

None of the parties shall be entitled to assign or transfer any of their rights, benefits or obligations under this agreement without the prior written consent of the other parties (such consent not to be unreasonably withheld or delayed).

15.10 Counterparts

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.

16. NOTICES

16.1 Each party may give any notice or other communication under or in connection with this agreement by letter or facsimile transmission addressed to any other party. The address for service of each party shall be the address set out in **clause 16.3** or such other address for service as the addressee may from time to time notify to the other parties for the purposes of this clause.

16.2 Any such communication will be deemed to be served:

16.2.1 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;

16.2.2 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

16.2.3 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.

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

Name:	the Purchaser
Address:	the registered address from time to time of the Purchaser.

Fax no:	01242 253 565
Tel no:	01242 253 773
Attention:	Nicholas Tamblyn

Name:	Ermgassen & Co Limited
Address:	24 Lombard Street London EC3V 9AD

Fax no:	020 7929 0432
Tel no:	020 7929 2000
Attention:	Christopher Stainforth

Name:	BGL Reads Trust Company Limited as trustee of each of The Ermgassen Trust and The Ziwagi Trust
Address:	PO Box 119, Commerce House St Peter Port Guernsey GY1 3HB

Fax no:	01481 701650
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Tel no:	01481 714161
Attention:	Mr Roy Martel
Name:	Norland Trustees Limited as trustee of The Ermgassen & Co. Employee Benefit Trust
Address:	PO Box 532 First Floor Channel House Green Street St Helier Jersey JE4 5UW
Fax no:	01534 630444
Tel no:	01534 630600
Attention:	Mr Richard Boleat
Name:	OC&C Strategy Consultants Limited
Address:	65 Kingsway London WC2B 6TD
Fax no:	020 7828 5349
Tel no:	020 7834 7447
Attention:	Michael Jary
Name:	The limited partners of the OC&C Strategy Consultants Limited Partnership, acting by its general partner Allerton Ventures Limited and OC&C Strategy Consultants Limited Partnership itself
Address:	c/o Commerce House, Les Banques St Peter's Port, Guernsey
Fax no:	01481 715 893
Tel no:	01481 726 014
Attention:	John McKellar
Name:	Bedell Cristin Trustees Limited as trustee of the Chris Eyles Family Trust
Address:	PO Box 75 26 New Street St Helier Jersey JE4 8PP
Fax no:	01534 814815

Tel no: 01534 814814
Attention: Simon Howard
Christopher Eyles

Name: Christopher Eyles
Address: c/o 65 Kingsway, London, WC2B 6TD

Fax No: 020 7400 6355
Tel No: 020 7400 6377

Name: Brait International Limited
Address: 3rd Floor
Barkly Wharf
Caudan Waterfront
Port Louis
Mauritius

Fax no: 0027 11 784 9070 (Jo'burg)
Tel no: 0027 11 779 3000 (Jo'burg)
Attention: Paul Jessiman
Paul Botha

17. LAW AND JURISDICTION

- 17.1 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.
- 17.2 The parties irrevocably and unconditionally agree that the High Court of Justice in England shall have non-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 Brait Shares	Number of Ermgassen Shares	Number of Eyles Shares	Number of OC&C Shares	Number of GP Shares	Number of Consideration Shares
Brait International Limited	10,000	-	-	-	1	29,039,282
BGL Reads Trust Company Limited as trustee of The Ermgassen Trust	-	2500	-	-		7,259,820
BGL Reads Trust Company Limited as trustee of The Ziwagi Trust	-	1833	-	-		5,323,868
Norland Trustees Limited as trustee of the Ermgassen & Co Employee Benefit Trust	-	5667	-	-		16,455,592
Bedell Cristin Trustees Limited as trustees of The Chris Eyles Family Trust	-	-	10,000	-		3,629,910
OC&C Strategy Consultants Limited Partnership	-	-	-	10,000		29,039,281
Ermgassen & Co Limited					1	1
OC&C Strategy Consultants Limited					1	1
						90,747,755

Part 2

Details of the Warrantors

Non-Brait Warrantors	Address	Maximum liability under the Warranties
Ermgassen & Co Limited	24 Lombard Street, London EC3V 9AD	£7,405,017
OC&C Strategy Consultants Limited and OC&C Strategy Consultants Limited Partnership	65 Kingsway, London, WC2B 6TD and Commerce House, Les Banques, Saint Peter's Port, Guernsey respectively	£7,405,017
Christopher Eyles	c/o 65 Kingsway, London, WC2B 6TD	£925,627
Brait Warrantor		
Brait International Limited	3rd Floor, Barkly Wharf, Cauden Waterfront, Port Louis, Mauritius	£7,405,017

SCHEDULE 2

Details of the Companies

Part 1

Name: Brait Capital (Jersey) Limited

Registered office: 26 New Street, St Helier, Jersey, Channel Islands

Date and place of incorporation: Jersey 22 March 2000

Registered number: 76806

Directors: SRG Howard, P Byrne

Secretary: Bedell Cristin Secretaries Limited

Authorised share capital: £10,000 divided into 10,000 ordinary shares of £1.00 each

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

Shareholders: Brait International Limited and Premier Circle Limited, Second Circle Limited as nominees for Brait International Limited

Accounting reference date: 31 December

Auditors: None

Part 2

Name: Ermgassen & Co (Jersey) Limited

Registered office: 26 New Street, St Helier, Jersey, Channel Islands

Date and place of incorporation: Jersey 22 March 2000

Registered number: 76808

Directors: SRG Howard, P Byrne and Richard Boleat

Secretary: Bedell Cristin Secretaries Limited

Authorised share capital: £10,000 divided into 10,000 ordinary shares of £1 each

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

Shareholders: Premier Circle Limited, Second Circle Limited, Circle Investments Limited as nominees for Norland Trustees Limited and Circle Investments Limited as nominee for BGL Read Trust Company Limited as trustee for the Ermgassen Trust and the Ziwagi Trust

Accounting reference date: 31 December

Auditors: None

Part 3

Name: Angel Holdings (Jersey) Limited

Registered office: 26 New Street, St Helier, Jersey, Channel Islands

Date and place of incorporation: Jersey 22 March 2000

Registered number: 76805

Directors: SRG Howard, P Byrne

Secretary: Bedell Cristin Secretaries Limited

Authorised share capital: £10,000 divided into 10,000 ordinary shares of £1 each

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

Shareholders: Premier Circle Limited, Second Circle Limited,
Circle Investments Limited as nominee for Bedell Cristin
Trustees Limited

Accounting reference date: 31 December

Auditors: None

Part 4

Name: OC&C Strategy Consultants (Jersey) Limited

Registered office: 26 New Street, St Helier, Jersey, Channel Islands

Date and place of incorporation: Jersey 22 March 2000

Registered number: 76807

Directors: SRG Howard, P Byrne

Secretary: Bedell Cristin Secretaries Limited

Authorised share capital: £10,000 divided into 10,000 ordinary shares of £1 each

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

Shareholders: Premier Circle Limited, Second Circle Limited,
Circle Investments Limited as nominees for Allerton
Ventures Limited as General Partner of the OC&C Strategy
Consultants Limited Partnership

Accounting reference date: 31 December

Auditors: None

Part 5

Name: web-angel Services Limited

Registered office: 35 Vine Street, London EC3N 2AA

Date and place of incorporation: 7 January 2000, England

Registered number: 3905320

Directors: Christopher Stainforth, Christopher Outram, Paul Jessiman and Christopher Eyles

Secretary: Henry Edmunds

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

Issued share capital: 1 ordinary share fully paid or credited as fully paid

Shareholders: web-angel GP Limited

Accounting reference date: 31 December

Auditors: KPMG Partnership, 8 Salisbury Square London EC4Y 8BB

Part 6

Name: web-angel GP Limited

Registered office: 26 New Street, St Helier, Jersey, Channel Islands

Date and place of incorporation: Jersey 21/3/2000

Registered number: 76777

Directors: Michael Jary, Richard Staubitz, Paul Jessiman

Secretary: Bedell Cristin Secretaries Limited

Authorised share capital: £10,000 divided into 10,000 ordinary shares of £1 each

Issued share capital: 3 ordinary shares all fully paid or credited as fully paid

Shareholders: Premier Circle Limited, Second Circle Limited, Third Circle Limited

Accounting reference date: 31 December

Auditors: None

SCHEDULE 3

Part 1

Non-Brait Warranties

1. INFORMATION

- 1.1 All information contained in **schedules 1 and 2** relating to the Non-Brait Warrantors, the Sellers (other than the Brait Seller) and the Non-Brait Companies is true, accurate and not misleading.
- 1.2 All information contained in this agreement and all matters contained in the Disclosure Letter and all other information relating to the Non-Brait Companies, the Partnership and the Business given by or on behalf of the Non-Brait Warrantors or their accountants or the Seller's Solicitors to the Purchaser or its accountants or the Purchaser's Solicitors are true and accurate in every respect and there is no fact or matter relating to the Non-Brait Companies, the Partnership or the Business which is known or ought on reasonable enquiry to be known to the Non-Brait Warrantors which has not been disclosed in the Disclosure Letter which renders any such matters or information untrue or misleading. The copies of all documents provided by or on behalf of the Non-Brait Warrantors are true and complete copies of the originals.
- 1.3 The copy of the memorandum and articles of association of each Non-Brait Company delivered to the Purchaser by or on behalf of the Non-Brait Warrantors 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. CAPACITY

- 2.1 Each of the Non-Brait Warrantors and the Sellers (other than the Brait Seller) has full power and authority without requiring the consent of any person to enter into and perform its obligations under this agreement and all documents in Agreed Form requiring execution by any of the Non-Brait Warrantors and the Sellers (other than the Brait Seller).
- 2.2 This agreement and all documents in Agreed Form requiring execution by any of the Non-Brait Warrantors and the Sellers (other than the Brait Seller) will, when executed, constitute lawful, valid and binding obligations of the Non-Brait Warrantors and the Sellers (other than the Brait Seller) in accordance with their respective terms.

3. SHARE CAPITAL

- 3.1 Each of the Non-Brait Sellers is the registered holder and beneficial owner of the Shares set out next to his name in **part 1 of schedule 1**.
- 3.2 The Relevant Shares constitute all the issued and all the allotted share capital of the Non Brait Companies concerned and the Relevant Shares are fully paid or credited as fully paid.
- 3.3 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 Non-Brait Company.
- 3.4 The Shares are free from all claims, liens, charges, equities, encumbrances and adverse rights of any description.
- 3.5 Each of the Non-Brait Sellers is entitled to sell and transfer the full legal and beneficial interest in the Shares set out next to his name in **part 1 of schedule 1** to the Purchaser on the terms set out in this agreement.
- 3.6 None of the Non-Brait Companies has at any time:
 - 3.6.1 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;
 - 3.6.2 made or resolved or agreed to make any issue of shares or other securities by way of capitalisation of profits or reserves; or
 - 3.6.3 given any financial assistance in contravention of section 151 of the Companies Act.
- 3.7 Save for interests in the Partnership none of the Non-Brait Companies nor the Partnership, nor have any of them ever been, the holder or beneficial owner of, nor have any of them agreed to acquire:
 - 3.7.1 any share or loan capital of any corporate body (whether incorporated in the United Kingdom or elsewhere);
 - 3.7.2 any interest in any firm, partnership, association, organisation or trust.
- 3.8 None of the Non-Brait Companies nor the Partnership controls or takes part in the management of any corporate body, firm, partnership, association, organisation or trust.

4. LITIGATION AND COMPLIANCE

- 4.1 None of the Non-Brait Companies nor any person for whose acts or defaults any of the Companies or the Partnership may be vicariously liable is engaged whether as plaintiff or defendant or otherwise in any legal action, tribunal or other proceedings or arbitration and none of the Non-Brait Companies nor the Partnership is being prosecuted for any criminal offence.

- 4.2 So far as the non-Brait Warrantors are aware, no such proceedings as are described in **paragraph 4.1** are pending or threatened by or against any of the Non-Brait Companies or the Partnership or person for whose acts or defaults any of the Non-Brait Companies or the Partnership may be vicariously liable and, as far as the Non-Brait Warrantors are aware, no facts or circumstances are likely to lead to any such proceedings.
- 4.3 All licences, authorisations, consents, permits and approvals required for the carrying on of the Business in the places and in the manner in which the Business is now carried on have been obtained by and are in the possession of the Partnership and:
- 4.3.1 true and complete copies of them are attached to the Disclosure Letter;
 - 4.3.2 the Partnership is not in breach of any of their respective terms and conditions;
 - 4.3.3 all of them are valid and subsisting;
 - 4.3.4 there is no reason why any of them should be suspended, cancelled, qualified or revoked or not renewed upon the expiry of their existing terms; and
 - 4.3.5 all reports, returns and information required by law or as a condition of any of them to be made or given to any person or authority have been so made or given.
- 4.4 Each of the Non-Brait Companies and the Partnership has duly complied in all material respects with all laws and other rules and regulations having mandatory effect in relation to the conduct of its business and none of the Non-Brait Companies nor the Partnership, nor any of their respective officers, agents or employees (during the course of their duties) has done or omitted to do anything which is a contravention of such laws, rules or regulations, giving rise or which may give rise to any fine, penalty or other liability or sanction on the part of any of the Non-Brait Companies or the Partnership.
- 4.5 All returns, resolutions and other documents which each of the Non-Brait Companies and the Partnership is required by law to deliver to the Registrar of Companies or any other governmental or regulatory authority have been correctly completed in all material respects and duly delivered.
- 4.6 The registers of members, directors, directors' interests, secretaries, charges, allotments and share transfers and the minute books of each of the Non-Brait Companies required to be maintained by those Non-Brait Companies under all applicable legislation which governs such Non-Brait Company.
- 4.6.1 are in the possession and under the control of the relevant Company;
 - 4.6.2 duly and properly record all matters required by law to be recorded in them; and
 - 4.6.3 No Non-Brait Company has been notified that any of them is incorrect or should be rectified.
- 4.7 Each Non-Brait Company has complied with the provisions of its memorandum and articles of association and has not entered into any ultra vires transaction.

5. EFFECT OF AGREEMENT

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

- 5.1 give rise to or cause to become exercisable any right of pre-emption relating to the Non-Brait Shares; or
- 5.2 relieve any person of any obligation to any of the Non-Brait Companies or the Partnership (whether contractual or otherwise) or enable any such obligation or any right or benefit enjoyed by any of the Non-Brait Companies or the Partnership to be terminated; or
- 5.3 result in a breach of or constitute a default under any written or oral agreement or arrangement to which any of the Non-Brait Companies or the Partnership is a party; or
- 5.4 cause any written or oral agreement or arrangement between any of the Non-Brait Companies or the Partnership and any other person 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 the Partnership); or
- 5.5 so far as the Brait Warrantors are aware, adversely affect the relationship of the Partnership with any clients, customers, suppliers or employees or cause any such person or any other person who does business with the Partnership not to continue to do so on substantially the same basis as previously; or
- 5.6 entitle any person to receive from any of the Companies or the Partnership any finder's fee, brokerage or commission.

6. ACCOUNTS AND RECORDS

6.1 Accounts

- 6.1.1 The copy of the Accounts annexed to the Disclosure Letter is a true and complete copy.
- 6.1.2 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.
- 6.1.3 The Accounts show a true and fair view of the assets and liabilities and state of affairs of the Partnership at the Accounts Date and of its profit or loss and cash flow for the period then ended.
- 6.1.4 The Accounts make full and proper provision or reserve for, or disclose, all actual and contingent liabilities of each Non-Brait Company (whether or not quantified or disputed and including deferred tax) and for all capital commitments of the Partnership at the Accounts Date.

- 6.1.5 The Partnership will have as at the date of the agreement US\$5,650,000 in cash as per the Partnership's cash book.

6.2 Records

All the accounts, books, registers, ledgers and financial and other records of each of the Non-Brait Companies and the Partnership are in the possession of the Partnership and have been fully, properly and accurately kept and completed and there are no material inaccuracies or discrepancies of any kind contained or reflected in them.

7. CURRENT TRADING

7.1 Business since the Accounts Date

7.1.1 Since the Accounts Date:

- (a) the Partnership 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;
- (b) the Partnership has not suffered any loss of or material reduction in any source of supply and no supplier has ceased or indicated its intention to cease supplying the Partnership.
- (c) 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 Non-Brait Company or the Partnership;
- (d) there has been no material adverse change in the turnover, financial or trading position or prospects of the Partnership and, so far as the Non-Brait Warrantors are aware, there are no factors likely to have such an effect;
- (e) the Partnership 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;

- 7.2 No Non-Brait Company has traded since its incorporation other than acquired its interest in the Partnership.

7.3 Business matters

- 7.3.1 The Partnership is established in Jersey and has no branch, agency or place of business outside that jurisdiction.

- 7.3.2 The Partnership is not nor has agreed to become a member of any trade association.

- 7.3.3 The Partnership does not carry on, nor has it at any time carried on, investment business within the meaning of section 1 of the Financial Services Act 1986.

8. CONTRACTS

8.1 Material contracts

No Company nor the Partnership is party to any outstanding contract, arrangement, obligation, guarantee or indemnity, warranty, bond or other agreement (including a capital commitment) other than those set out in the Disclosure Letter:

8.2 Contractual position

8.2.1 There are no agreements or arrangements which any Company or the Partnership is a party or any circumstances known to the Non-Brait Warrantors which might lead to the supply by or to any Non-Brait Company of any goods or services, being restricted or hindered.

8.2.2 There are no grounds, so far as the Non-Brait Warrantors are aware, for rescission, avoidance or repudiation of any material agreement or other transaction to which any Non-Brait Company or the Partnership is a party.

8.2.3 As far as the Non-Brait Warrantors are aware, no party to an agreement with any Non-Brait Company or the Partnership is in default, being a default which would be material in the context of the Business' financial or trading position and there are no circumstances likely to give rise to a default.

8.2.4 No Non-Brait Company nor the Partnership 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 Non-Brait Company or the Partnership in any way (other than its directors and officers in the ordinary and usual course of the Business).

8.3 Terms of trade and business

8.3.1 The Partnership has observed and performed up to date all the terms and conditions on its part to be observed and performed under its trading contracts.

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

8.4 Insurance

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

8.4.2 The Partnership has not done nor has it 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 the Partnership has complied with all conditions attached to such policies.

9. ASSETS

A list of all assets owned by the Partnership is included in the Disclosure Letter.

10. INTELLECTUAL PROPERTY

- 10.1 The details of all Intellectual Property owned by the Partnership, or in which the Partnership owns an interest, are set out in the Disclosure Letter and are true, complete and accurate.
- 10.2 The Partnership is the sole legal and beneficial owner of all Intellectual Property required for, or used in, the operation of the Business, free from all claims, liens, charges, equities, encumbrances and adverse rights of any description.
- 10.3 The Partnership is not a party to any agreement or arrangement for:
 - 10.3.1 the provision to or acquisition from any person; or
 - 10.3.2 the prohibition or restriction of the use or disclosureof any know how, trade secrets or confidential information.
- 10.4 Accurate and complete particulars are set out in the Disclosure Letter of all licences and other agreements relating to Intellectual Property to which the Partnership is a party and neither the Partnership nor so, far as the Non-Brait Warrantors are aware, is any other party is in breach of any such licence or other agreement.
- 10.5 The Partnership has full right and authority to use all computer software used in connection with the Business.
- 10.6 None of the operations carried on by the Partnership infringes any Intellectual Property of any other person or shall or may give rise to payment by the Partnership of any royalty or any sum in the nature of a royalty or liability to pay compensation pursuant to any applicable legislation.
- 10.7 The Partnership has in its exclusive possession or control and has not disclosed or permitted to be disclosed to any person (other than the Purchaser and the employees of the Partnership) all its know how, trade secrets, confidential information and lists of customers and suppliers.

11. EMPLOYEES

- 11.1 No Non-Brait Company nor the Partnership has any employees.
- 11.2 No Non-Brait Company nor the Partnership has given any undertakings or assurances to any person which may lead to the offer of employment other than in relation to Christopher Eyles.

12. PENSIONS

- 12.1 No undertakings or assurances have been given or implied to any person as to the introduction of any retirement, death or disability benefits.
- 12.2 None of the Non-Brait Companies nor the Partnership is a party to and has any obligation to contribute or otherwise make any payment to or in respect of any retirement benefits pension or life assurance pension scheme or arrangement, fund or personal pension scheme relating to any person nor is any Non-Brait Company or the Partnership under any legal or ex-gratia obligation or obligation established by custom or practice, to provide any retirement, death, disability, accident or sickness, pension or payment to or in respect of any person.

13. PROPERTY

No Non-Brait Company nor the Partnership has any interest in any real property (whether freehold, leasehold, under licence or otherwise) and no commitment or assurance has been given by any Non-Brait Company or the Partnership to take or acquire any such interest.

14. SELLERS AND CONNECTED PERSONS

- 14.1 None of the Non-Brait Warrantors nor any of the Sellers (other than the Brait Seller) nor any of their respective Connected Persons is a party to any outstanding agreement or arrangement for the provision of any goods or services to the Company.
- 14.2 No indebtedness (actual or contingent) and no agreement or arrangement (written or oral) is outstanding between any Non-Brait Company or the Partnership and any of the Non-Brait Warrantors and/or any of the Sellers (other than the Brait Seller) and/or any of the directors of any Non-Brait Company and/or any of their respective Connected Persons.
- 14.3 None of the Non-Brait Warrantors nor any of the Sellers (other than the Brait Seller) is entitled to make any claim against any Non-Brait Company or the Partnership or any of the officers, employees, customers or suppliers of the Company or the Partnership and the benefit of any such claim has not been assigned to any person.
- 14.4 No Non-Brait 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.
- 14.5 Neither the Partnership nor any Non-Brait Company has made any payment to or assumed any liability or obligation on behalf of any of the Non-Brait Warrantors or any of the Sellers (other than the Brait Seller) or any of their respective Connected Persons;

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 of the Non-Brait Companies or the Partnership.
- 15.2 No petition has been presented or order made for the administration of any of the Non-Brait Companies or the Partnership.
- 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 of the Non-Brait Companies or the Partnership.
- 15.4 None of the Non-Brait Companies or the Partnership 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 of the Non-Brait Companies or the Partnership and no written demand under section 123(1)(a) of the Insolvency Act 1986 has been made against any of the Non-Brait Companies or the Partnership and no distress or execution has been levied on, or other process commenced against, any of the assets of any of the Non-Brait Companies or the Partnership.
- 15.6 No voluntary arrangement has been proposed or entered into under section 1 of the Insolvency Act 1986 in respect of the any of the Non-Brait Companies or the Partnership.
- 15.7 None of the Non-Brait Companies or the Partnership has entered into nor does it propose to enter into any arrangement, assignment, reconstruction or composition with any of its creditors.
- 15.8 None of the Non-Brait Companies nor the Partnership nor any of the Non-Brait Warrantors nor any of the Sellers (other than the Brait Seller) has been party, directly or indirectly, to any transaction with any third party which, in the event of any such third party entering into liquidation or an administration order or a bankruptcy order being made in relation to him or it, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts under sections 238 to 245 (inclusive) and sections 339 to 344 (inclusive) of the Insolvency Act 1986.
- 15.9 There are no circumstances known to the Non-Brait Warrantors which would entitle any person to present a petition for the winding up or administration of the any of the Non-Brait Companies or the Partnership or to appoint a receiver or manager over the whole or any part of any of the Non-Brait Companies' or the Partnership's undertaking or assets.

SCHEDULE 3

Part 2

Brait Warranties

1. INFORMATION

- 1.1 All information contained in **schedules 1 and 2** relating to the Brait Seller and the Brait Company is true, accurate and not misleading.
- 1.2 All information contained in this agreement and all matters contained in the Disclosure Letter and all other information relating to the Brait Company given by or on behalf of the Brait Warrantors or their accountants or the Seller's Solicitors to the Purchaser or its accountants or the Purchaser's Solicitors are true and accurate in every respect and there is no fact or matter relating to the Brait Company which is known or ought on reasonable enquiry to be known to the Brait Warrantors which has not been disclosed in the Disclosure Letter which renders any such matters or information untrue or misleading. The copies of all documents provided by or on behalf of the Brait Warrantor are true and complete copies of the originals.
- 1.3 The copy of the memorandum and articles of association of the Brait Company delivered to the Purchaser by or on behalf of the Brait Warrantors 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. CAPACITY

- 2.1 The Brait Seller has full power and authority without requiring the consent of any person to enter into and perform its obligations under this agreement and all documents in Agreed Form requiring execution by the Brait Seller.
- 2.2 This agreement and all documents in Agreed Form requiring execution by the Brait Seller will, when executed, constitute lawful, valid and binding obligations of the Brait Seller in accordance with their respective terms.

3. SHARE CAPITAL

- 3.1 The Brait Seller is the registered holder and beneficial owner of the Shares set out next to his name in **part 1 of schedule 1**.
- 3.2 The Brait Shares constitute all the issued and all the allotted share capital of the Brait Company concerned and the Brait Shares are fully paid or credited as fully paid.

- 3.3 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 the Brait Company.
- 3.4 The Brait Shares are free from all claims, liens, charges, equities, encumbrances and adverse rights of any description.
- 3.5 The Brait Seller is entitled to sell and transfer the full legal and beneficial interest in the Shares set out next to his name in **part 1 of schedule 1** to the Purchaser on the terms set out in this agreement.
- 3.6 The Brait Company has not at any time:
- 3.6.1 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;
- 3.6.2 made or resolved or agreed to make any issue of shares or other securities by way of capitalisation of profits or reserves; or
- 3.6.3 given any financial assistance in contravention of section 151 of the Companies Act.
- 3.7 Save for its interest in the Partnership, the Brait Company, has not nor has ever been, the holder or beneficial owner of, nor have any of them agreed to acquire:
- 3.7.1 any share or loan capital of any corporate body (whether incorporated in the United Kingdom or elsewhere);
- 3.7.2 any interest in any firm, partnership, association, organisation or trust.
- 3.8 The Brait Company does not control or take part in the management of any corporate body, firm, partnership, association, organisation or trust.

4. LITIGATION AND COMPLIANCE

- 4.1 Neither the Brait Company nor any person for whose acts or defaults the Brait Company may be vicariously liable is not engaged whether as plaintiff or defendant or otherwise in any legal action, tribunal or other proceedings or arbitration and the Brait Company is not being prosecuted for any criminal offence.
- 4.2 So far as the Brait Warrantor is aware, no such proceedings as are described in **paragraph 4.1** are pending or threatened by or against the Brait Company or person for whose acts or defaults the Brait Company may be vicariously liable and, as far as the Brait Warrantor is aware, no facts or circumstances are likely to lead to any such proceedings.
- 4.3 The Brait Company has duly complied in all material respects with all laws and other rules and regulations having mandatory effect in relation to the conduct of its business and the Brait Company, nor any of its officers, agents or employees (during the course of their duties) has not done or omitted to do anything which is a contravention of such

laws, rules or regulations, giving rise or which may give rise to any fine, penalty or other liability or sanction on the part of the Brait Company.

- 4.4 All returns, resolutions and other documents which the Brait Company is required by law to deliver to the Registrar of Companies or any other governmental or regulatory authority have been correctly completed in all material respects and duly delivered.
- 4.5 The registers of members, directors, directors' interests, secretaries, charges, allotments and share transfers and the minute books of the Brait Company required to be maintained by the Brait Company under all applicable legislation which governs the Brait Company.
 - 4.5.1 are in the possession and under the control of the Brait Company;
 - 4.5.2 duly and properly record all matters required by law to be recorded in them; and
 - 4.5.3 The Brait Company has not been notified that any of them is incorrect or should be rectified.
- 4.6 The Brait Company has complied with the provisions of its memorandum and articles of association and has not entered into any ultra vires transaction.

5. EFFECT OF AGREEMENT

Execution, delivery and performance of this agreement and all documents in the Agreed Form will not give rise to or cause to become exercisable any right of pre-emption relating to the Brait Shares.

6. CURRENT TRADING

- 6.1 The Brait Company is not party to any outstanding contract, arrangement, obligation, guarantee or indemnity, warranty, bond or other agreement (including a capital commitment).
- 6.2 The Brait Company has not traded since its incorporation other than acquired its interest in the Partnership.

7. EMPLOYEES

The Brait Company has not employed any employees or engaged any consultants.

8. PROPERTY

The Brait Company has no interest in any real property (whether freehold, leasehold, under licence or otherwise) and no commitment or assurance has been given by the Brait Company to take or acquire any such interest.

9. SELLERS AND CONNECTED PERSONS

- 9.1 The Brait Seller nor any of its respective Connected Persons has any interest, directly or indirectly, in any business in the United Kingdom or Europe which is or is likely to be competitive with the Business.
- 9.2 The Brait Seller nor any of its Connected Persons is a party to any outstanding agreement or arrangement for the provision of any goods or services to the Brait Company.
- 9.3 No indebtedness (actual or contingent) and no agreement or arrangement (written or oral) is outstanding between the Brait Company and the Brait Seller and/or the directors of the Brait Company and/or their respective Connected Persons.
- 9.4 The Brait Seller is entitled to make any claim against the Brait Company or the officers, employees, customers or suppliers of the Brait Company and the benefit of any such claim has not been assigned to any person.
- 9.5 The Brait Company has not been a party to any transaction to which the provisions of sections 320 (substantial property transactions involving directors, etc.) or 322 (liabilities arising from contravention of section 320) of the Company Act may apply.
- 9.6 The Brait Company has not made any payment to or assumed any liability or obligation on behalf of the Brait Seller or any of its Connected Persons;

10. INSOLVENCY

- 10.1 No administrative receiver or manager has been appointed in respect of the whole or any part of the assets or undertaking of the Brait Company .
- 10.2 No petition has been presented or order made for the administration of the Brait Company .
- 10.3 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 the Brait Company .
- 10.4 The Brait Company has not 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.
- 10.5 No unsatisfied judgment, order or award is outstanding against the Brait Company and no written demand under section 123(1)(a) of the Insolvency Act 1986 has been made against the Brait Company and no distress or execution has been levied on, or other process commenced against, the assets of the Brait Company .
- 10.6 No voluntary arrangement has been proposed or entered into under section 1 of the Insolvency Act 1986 in respect of the Brait Company .
- 10.7 None of the Brait Company has entered into nor does it propose to enter into any arrangement, assignment, reconstruction or composition with its creditors.

- 10.8 The Brait Company has not nor has the Brait Seller been party, directly or indirectly, to any transaction with any third party which, in the event of any such third party entering into liquidation or an administration order or a bankruptcy order being made in relation to him or it, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts under sections 238 to 245 (inclusive) and sections 339 to 344 (inclusive) of the Insolvency Act 1986.
- 10.9 There are no circumstances known to the Brait Warrantors which would entitle any person to present a petition for the winding up or administration of the Brait Company or to appoint a receiver or manager over the whole or any part of the Brait Company's undertaking or assets.

SCHEDULE 3

Part 3

Purchaser Warranties

1. LIABILITIES

No Purchaser Group Company has any existing or contingent liabilities which are not disclosed in the audited consolidated balance sheet and profit and loss account of the Purchaser Group as at and for the period ended on the Purchaser's Accounts Date.

2. RECENT TRADING

Since the Accounts Date, the Purchaser has not traded and has not suffered any material depletion in its net assets.

3. INFORMATION

The copy of the memorandum and articles of association of each Purchaser Group Company delivered to the Warrantors' Representative 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.

4. CAPACITY

- 4.1 The Purchaser has full power and authority without requiring the consent of any third party to enter into and perform his/their obligations under this agreement and all documents in Agreed Form requiring execution by the Purchaser.
- 4.2 This agreement and all documents in Agreed Form requiring execution by the Purchaser will, when executed, constitute lawful, valid and binding obligations of the Purchaser in accordance with their respective terms.

5. SHARE CAPITAL

- 5.1 All issued and all allotted shares in the capital of any Purchaser Group Company are fully paid or credited as fully paid.
- 5.2 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 Purchaser Group Company.

- 5.3 The shares in each Purchaser Group Company are free from all claims, liens, charges, equities, encumbrances and adverse rights of any description.
- 5.4 No Purchaser Group Company has at any time:
- 5.4.1 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;
- 5.4.2 made or resolved or agreed to make any issue of shares or other securities by way of capitalisation of profits or reserves; or
- 5.4.3 given any financial assistance in contravention of section 151 of the Companies Act.
- 5.5 Save for the subsidiaries, no Purchaser Group Company is the holder or beneficial owner of nor has it agreed to acquire:
- 5.5.1 any share or loan capital of any corporate body (whether incorporated in the United Kingdom or elsewhere);
- 5.5.2 any interest in any firm, partnership, association, organisation or trust.
- 5.6 No Purchaser Group Company controls or takes part in the management of any corporate body, firm, partnership, association, organisation or trust.

6. COMPLIANCE

- 6.1 So far as the Purchaser is aware, there is no order, decree or judgment of any court or any governmental agency or regulatory body outstanding against any Purchaser Group Company and no undertaking or assurance given to any court or governmental agency or regulatory body in relation to any Purchaser Group Company is still in force.
- 6.2 Each Purchaser Group Company has duly complied with all laws and other rules and regulations having mandatory effect in relation to the conduct of its business and no Purchaser Group Company, nor any of its officers or agents (during the course of their duties) has done or omitted to do anything which is a contravention of such laws, rules or regulations, giving rise or which may give rise to any fine, penalty or other liability or sanction on the part of any Purchaser Group Company and which is material in the context of the acquisition of the Shares.
- 6.3 No governmental or official investigation or enquiry concerning any Purchaser Group Company is in progress or threatened and, so far as the Purchaser is aware, there are no circumstances which are likely to give rise to any such investigation or enquiry.
- 6.4 All returns, resolutions and other documents which any Purchaser Group Company is required by law to deliver to the Registrar of Companies or any other governmental or regulatory authority have been correctly completed and duly delivered.

- 6.5 The registers of members, directors, directors' interests, secretaries, charges, allotments and share transfers and the minute books of each Purchaser Group Company required to be maintained by any Purchaser Group Company under the Companies Act:
- 6.5.1 are in the possession and under the control of a Purchaser Group Company;
 - 6.5.2 duly and properly record all matters required by law to be recorded in them; and
 - 6.5.3 no Purchaser Group Company has been notified that any of them is incorrect or should be rectified.
- 6.6 Each Purchaser Group Company has complied with the provisions of its memorandum and articles of association and has not entered into any ultra vires transaction.

7. EFFECT OF AGREEMENT

Execution, delivery and performance of this agreement will not:

- 7.1 relieve any person of any obligation to any Purchaser Group Company (whether contractual or otherwise) or enable any such obligation or any right or benefit enjoyed by any Purchaser Group Company to be terminated; or
- 7.2 result in a breach of or constitute a default under any written or oral agreement or arrangement to which any Purchaser Group Company is a party; or
- 7.3 cause any written or oral agreement between any Purchaser Group Company and any other person to be terminated or modified or require any payment to be made to such other person (and no such agreement includes any provision with respect to a change in the control, management or shareholders of any Purchaser Group Company); or
- 7.4 save as provided in this agreement, entitle any person to receive from any Purchaser Group Company any finder's fee, brokerage or commission; or
- 7.5 cause any Director of any Purchaser Group Company to resign or cause any payment or benefit to be made or given by any Purchaser Group Company to any such person.

8. ACCOUNTS

- 8.1 The copy of the Purchaser's Accounts annexed to the Purchaser Disclosure Letter is a true and complete copy.
- 8.2 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.
- 8.3 The Purchaser's Accounts show a true and fair view of the assets and liabilities and state of affairs of the Purchaser's Group at the Purchaser's Accounts Date and of its profit or loss and cash flow for the period then ended.

- 8.4 The Purchaser's Accounts make full and proper provision or reserve for, or disclose, all actual and contingent liabilities of the Purchaser's Group (whether or not quantified or disputed and including deferred tax) and for all capital commitments of the Purchaser's Group at the Purchaser's Accounts Date.
- 8.5 Since the Accounts Date there has been no material adverse change in the turnover, financial or trading position of the Purchaser's Group and, so far as the Purchaser is aware, there are no factors likely to have such an effect;
- 8.6 Save for any outstanding fees and expenses of the Purchaser's Accountants, no Purchaser Group Company owes any sums in respect of professional services to the Purchaser's Accountants or any previous auditors 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.

9. ASSETS

- 9.1 Each Purchaser Group Company has up to date asset registers showing a complete and accurate record of all plant, machinery, equipment and vehicles owned or used by it.
- 9.2 No Purchaser Group Company has acquired any asset on terms which were not by way of bargain at arm's length.
- 9.3 No Purchaser Group Company has any subsisting contracts save as set out in the Purchaser Disclosure Letter.
- 9.4 There are no debtors of any Purchaser Group Company.

10. LITIGATION AND COMPLIANCE

- 10.1 No Purchaser's Group Company nor any person for whose acts or defaults any Purchaser's Group Company may be vicariously liable is engaged whether as plaintiff or defendant or otherwise in any legal action, tribunal or other proceedings or arbitration and no Purchaser Group Company is being prosecuted for any criminal offence.
- 10.2 So far as the Purchaser is aware, no such proceedings as are described in **paragraph 10.1** are pending or threatened by or against any Purchaser Group Company or person for whose acts or defaults any Purchaser Group Company may be vicariously liable and, as far as the Purchaser is aware, no facts or circumstances are likely to lead to any such proceedings.

11. PROPERTIES

No Purchaser Group Company has any interest in any real property (whether freehold, leasehold, under licence or otherwise) and no commitment or assurance has been given by any Purchaser Group Company to take or acquire any such interest.

12. EMPLOYEES

- 12.1 No Purchaser Group Company has any employees (other than Nicholas Tamblyn and Teresa Elkins the material terms and conditions of employment of whom are set out in the Purchaser Disclosure Letter).
- 12.2 No Purchaser Group Company has any continuing liabilities to or in respect of any former employees.

13. PENSIONS

No Purchaser Group Company is under any liability (actual or contingent) or voluntary commitment to pay any pension or other benefit, death or disability or on the attainment of a specific age or on the completion of a specified number of years in service.

14. PROPOSED DIRECTORS AND CONNECTED PERSONS

- 14.1 No Director nor any of their respective Connected Persons has any interest, directly or indirectly, in any business which trades with any Purchaser Group Company or which is or is likely to be competitive with the Business.
- 14.2 No Director nor any of their respective Connected Persons is a party to any outstanding agreement or arrangement for the provision of any goods or services to any Purchaser Group Company.
- 14.3 No indebtedness (actual or contingent) and no agreement or arrangement (written or oral) is outstanding between any Purchaser Group Company and/or any Director and/or any of the directors of any Purchaser Group Company and/or any of their respective Connected Persons.
- 14.4 No Purchaser 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 (liability 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 Purchaser Group Company.
- 15.2 No petition has been presented or order made for the administration of any Purchaser 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 Purchaser Group Company.

- 15.4 No Purchaser 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 Purchaser Group Company and no distress or execution has been levied on, or other process commenced against, any of the assets of any Purchaser 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 Purchaser Group Company.
- 15.7 No Purchaser Group Company has entered into or proposes to enter into any arrangement, assignment, reconstruction or composition with any of its creditors.
- 15.8 Neither any Purchaser Group Company nor any Director has been party, directly or indirectly, to any transaction with any third party which, in the event of any such third party entering into liquidation or an administration order or a bankruptcy order being made in relation to him or it, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts under sections 238 to 245 (inclusive) and sections 339 to 344 (inclusive) of the Insolvency Act 1986.
- 15.9 There are no circumstances known to the Directors which would entitle any person to present a petition for the winding up or administration of any Purchaser Group Company or to appoint a receiver or manager over the whole or any part of any Purchaser Group Company's undertaking or assets.

16. TAXATION

No Purchaser Group Company has any liability (whether actual or contingent) to make any payment in respect of Taxation save for PAYE and National Insurance liabilities in respect of Nicholas Tamblyn and Teresa Elkins.

17. ANNOUNCEMENTS

The Purchaser has made all such announcements to the London Stock Exchange as it has been required to do under the Listing Rules over the twelve month period prior to the date of this agreement.

SCHEDULE 4

Warranty Limitations

1. INTERPRETATION

The provisions of this **schedule 4** shall operate to limit or qualify the liability of the Warrantors and the Purchaser under the Warranties.

2. TIME LIMITS

No Warranty Claim or Tax Claim shall be brought against the Warrantors or any of them or the Purchaser (as the case may be) unless notice in writing of any such claim (specifying in reasonable detail the nature of the breach and so far as is practicable the amount claimed in respect thereof) has been given to each of the Warrantors or the Purchaser (as the case may be) by or on behalf of the person intending to bring such claim by not later than the first anniversary of the Completion Date or if later the date falling 30 days after publication of the first audited accounts of the Purchaser following Completion (in respect of a Warranty Claim) or by not later than the seventh anniversary of the Completion Date (in respect of a Tax Claim) and any such claim which may have been made shall (if it has not been previously satisfied settled or withdrawn) be deemed to have been withdrawn on the expiration of 6 months from the date of the said notice unless proceedings in respect thereof shall have been both issued and served on the Warrantors or the Purchaser (as the case may be) before such expiration.

3. MAXIMUM LIABILITY FOR CLAIMS

- 3.1 The maximum aggregate liability of each Warrantor for all Non-Brait Warranty Claims and Brait Warranty Claims and Tax Claims shall be that amount set opposite its respective name in **column 3 of part 2 of schedule 1**.
- 3.2 The maximum aggregate liability of the Purchaser for all Purchaser Warranty Claims and Tax Claims shall not exceed £4,000,000.

4. DE MINIMIS

- 4.1 No claim shall be made in respect of any Warranty Claim Tax or Claim or any Purchaser Warranty Claim unless the amount of such claim exceeds £25,000.
- 4.2 No claims shall be made in respect of a Non-Brait Warranty Claim or a Brait Warranty unless and until the amount of such Warranty Claim when aggregated with any other Non-Brait Warranty Claim and Brait Warranty Claim exceeds £100,000 and in the event that the aggregated amounts exceed £100,000 the Warrantors shall be liable for the whole of the amount and not just the excess.

- 4.3 No claims shall be made in respect of a Purchaser Warranty Claim unless and until the amount of such Purchaser Warranty Claim when aggregated with any other Purchaser Warranty Claim exceeds £100,000 and in the event that the aggregated amounts exceed £100,000 the Purchaser shall be liable for the whole of the amount and not just the excess.

5. DISCLOSURE

- 5.1 No Purchaser Warranty Claim shall be brought against the Purchaser to the extent that the fact or circumstance which give rise to such Purchaser Warranty Claim is fairly disclosed in the Purchaser Disclosure Letter.
- 5.2 No Non-Brait Warranty Claim shall be brought against the Non-Brait Warrantors to the extent that the fact or circumstance which give rise to such Non-Brait Warranty Claim is fairly disclosed in the Non- Brait Disclosure Letter.
- 5.3 No Brait Warranty Claim shall be brought against the Brait Warrantor to the extent that the fact or circumstance which gives rise to such Brait Warranty Claim is fairly disclosed in the Brait Disclosure Letter.

SCHEDULE 5

Earn-Out

1. DEFINITIONS

In this Schedule, the following terms shall bear the following meaning:

“Accounting Date

the First Accounting Date, the Second Accounting Date or the Third Accounting Date (as the context requires);

“Adjusted Opening Net Asset Value”

means, in relation to any Accounting Date, the original pro forma Net Asset Value (excluding goodwill) on Completion as shown in the Circular to be issued by the Purchaser in connection with the transaction effected by this agreement or such Net Asset Value as may be adjusted in accordance with paragraph 6 of this schedule to provide fair and reasonable comparability with the Net Asset Value on that Accounting Date where such adjustment is determined to be necessary as a result of a change in Net Asset Value resulting from;

- (a) any further issue of shares;
- (b) any purchase by the Purchaser of its own shares;
- (c) any redemption of shares; or
- (d) any changes from the current accounting policies of the Purchaser's Group to the accounting policies used by the Purchaser's Group in establishing the Net Asset Value at that Accounting Date provided that any such change shall only be made if the Purchaser's Group has made a prior year adjustment in its audited financial statement for the accounting year in question.

“Adjusted Opening Price”

means, in relation to any Calculation Date, the original price per Ordinary Share of 25.5 pence (representing the price per Ordinary Share at the close of business of the Dealing Day prior to suspension of dealing in the Ordinary Shares of 10p each in the capital of the Company in contemplation of this Agreement) or such price as may be adjusted in accordance with paragraph 6 of this schedule to provide fair and reasonable comparability with the Relevant Share Price where such adjustment is determined to be necessary as a result of any:

- (a) redesignation of Ordinary Shares as shares of another class; and/or
- (b) redesignation of shares of another class as Ordinary Shares; and/or
- (c) splitting or consolidation of Ordinary Shares; and/or

(d) any issue of ordinary shares at an issue price significantly lower than the mid-market price per ordinary share as at the close of business on the last dealing day prior to the announcement of such issue such that in the view of the remuneration committee such adjustment ought fairly to be made; and/or

(e) other reorganisation of the capital of the Purchaser

(but not any issue of Ordinary Shares for value (including the issue of shares pursuant to this schedule) or any purchase by the Purchaser of its own shares or redemption of shares)

“Calculation Date”

the First Calculation Date, the Second Calculation Date or the Third Calculation Date (as the context requires);

“Dealing Day”

a day on which dealing in Ordinary Shares shall take place on the Alternative Investment Market or the London Stock Exchange;

“Due Amount”

the monetary value of the further consideration due on any Payment Date determined in accordance with this schedule;

“the First Accounting Date”

the last day of the first accounting period of the Purchaser ending on or after 31 December 2000;

“the First Calculation Date”

the day that is thirty Dealing Days following the announcement of the Purchaser’s annual consolidated audited financial results for the first accounting period of the Purchaser Group ending on or after 31 December 2000;

“Further Qualifying Shares”

any Ordinary Shares:

- (a) issued for cash as part of the first issue of Ordinary Shares for cash at an issue price at or over the Adjusted Opening Price (excluding any issue pursuant to any share options) occurring within twelve months of the date of this agreement but:
 - (i) only if such issue was approved by a majority of the Board excluding any director who is connected with the Sellers; and
 - (ii) only to the extent that such issue shall not exceed an aggregate subscription price of £50 million; or
- (b) representing a bonus issue of shares or a consolidation or splitting of shares made in respect of shares to which paragraph (a) of this definition applies;

“Hurdle Net Asset Value”

in relation to any Accounting Date, the lowest Net Asset Value which would have on the previous Calculation Date, obliged the Purchaser to issue the full 5.333 per cent. of the Number of Qualifying Shares in Issue in respect of such Calculation Date, net asset value then being adjusted by reference to any of the events referred to in the definition of Adjusted Opening Net Asset Value which occurs subsequent to such previous Calculation Date but prior to the relevant Accounting Date;

“Hurdle Share Price”

in relation to any Calculation Date, the lowest price per Ordinary Share which would have on the previous Calculation Date, obliged the Purchaser to issue the full 5.333 per cent. of the Number of Qualifying Shares in Issue in respect of such Calculation Date, such share price then being adjusted by reference to any of the events referred to in the definition of Adjusted Opening Price which occurs subsequent to such previous Calculation Date but prior to the relevant Calculation Date;

“LIBOR Adjusted Opening Net Asset Value”

the Adjusted Opening Net Asset Value plus an amount equal to a LIBOR Return on such amount;

“LIBOR Adjusted Opening Price”

the Adjusted Opening Price (expressed in pence) plus an amount equal to a LIBOR Return on such amount;

“LIBOR Return”

means in respect of any amount, a notional return which could have been earned on such amount determined in accordance with paragraph 7 of this schedule;

“Net Asset Value”

the value of the Purchaser Group’s consolidated assets (excluding goodwill) less its liabilities judged by reference to the accounting policies used by the Purchaser in relation to its audited financial statements for the financial year in question;

“Number of Qualifying Shares in Issue”

means, in relation to any Calculation Date, the number of Ordinary Shares of the Purchaser in issue immediately following Completion plus the number of Further Qualifying Shares in issue at that date;

“Number of Shares in Issue”

means, in relation to any Calculation Date, the number of Ordinary Shares of the Purchaser in issue as at that date (other than shares issued pursuant to this schedule);

“Payment Date”

a date that is one week following each Calculation Date or any later date required to implement the provisions of paragraph 6 of this schedule;

“Relevant Share Price”

means in relation to any Calculation Date:

(a) the average mid-market price per Ordinary Share as at the close of business for that Calculation Date and for each of the twenty nine Dealing Days preceding the Calculation Date; and

(b) in relation to the definition of Adjusted Opening Price as it is used in the definition of “Further Qualifying Shares”, the average mid-market price per Ordinary Share as at the close of business on, and for each of the twenty nine Dealing Days preceding, the date of the issue of Ordinary Shares to which that definition is being applied.

“the Second Accounting Date”

the last day of the second accounting period of the Purchaser ending on or after 31 December 2000;

“the Second Calculation Date”

the day that is thirty Dealing Days following the announcement of the Purchaser’s annual consolidated audited financial results for the second accounting period of the Purchaser Group ending on or after 31 December 2000;

“the Third Accounting Date”

the last day of the third accounting period of the Purchaser ending on or after 31 December 2000;

“the Third Calculation Date”

the day that is thirty Dealing Days following the announcement of the Purchaser’s annual consolidated audited financial results for the third accounting period of the Purchaser Group ending on or after 31 December 2000;

“Year 1”

the twelve month period prior to the First Calculation Date;

“Year 2”

the twelve month period prior to the Second Calculation Date;

“Year 3”

the twelve month period immediately following the Third Calculation Date.

2. FURTHER CONSIDERATION

Further consideration (if any) for the Shares shall be provided in accordance with the provision of this schedule on each Payment Date in the form of an issue of the relevant number of Ordinary Shares of the Purchaser.

3. NUMBER OF SHARES TO BE ISSUED

The number of Ordinary Shares of the Purchaser to be issued on any Payment Date shall be the lesser of:

- (a) a number representing 5.333 per cent of the Number of Qualifying Shares in Issue; and
- (b) a number of Ordinary Shares which when issued at the greater of the Relevant Share Price or the Adjusted Opening Price shall be equal to the Due Amount.

4. CALCULATION OF THE DUE AMOUNT

For the purposes of paragraph 2 of this schedule, the Due Amount applicable at any Payment Date shall be determined as at the Calculation Date or the Accounting Date (as applicable) immediately preceding the Payment Date in accordance with whichever of the following formulae shall produce the greater number:

(a) $D = 0.16 \times (S_2 - S_1) \times I$

Where

D = the Due Amount

S_2 = the Relevant Share Price (expressed in pence) on the relevant Calculation Date

S_1 = in respect of Year 1, the LIBOR Adjusted Opening Price for the period commencing on the date of this agreement and ending on (and including) the First Calculation Date; and

in respect of Year 2, the greater of:

- (a) the LIBOR Adjusted Opening Price for the period commencing on the date of this agreement and ending on (and including) the Second Calculation Date; and
- (b) the lower of:

- (i) the Relevant Share Price (expressed in pence) for the First Calculation Date; and

- (ii) the Hurdle Share Price (expressed in pence) for the Second Calculation Date

in respect of Year 3, the greater of:

- (a) the LIBOR Adjusted Opening Price for the period commencing on the date of this agreement and ending on (and including) the Third Calculation Date; and
- (b) the lower of:
 - (i) the Relevant Share Price (expressed in pence) for the Second Calculation Date; and
 - (ii) the Hurdle Share Price (expressed in pence) for the Third Calculation Date.

Provided that the Relevant Share Price referred to in each of the paragraphs (i) of this definition shall be adjusted by reference to any events referred to in the definition of Adjusted Opening Price which occurred subsequent to the relevant Calculation Date.

$I =$ the Number of Shares in Issue on the First Calculation Date (in respect of Year 1) on the Second Calculation Date (in respect of Year 2) and on the Third Calculation Date (in respect of Year 3).

(b) $D = 0.16 \times (NAV_2 - NAV_1)$

Where

$D =$ the Due Amount

$NAV_2 =$ the Net Asset Value of the Purchaser on the Accounting Date immediately prior to the relevant Calculation Date

$NAV_1 =$ in respect of Year 1, the LIBOR Adjusted Opening Net Asset Value for the period commencing on the date of this agreement and ending on (and including) the First Accounting Date; in respect of Year 2, the greater of:

- (a) the LIBOR Adjusted Opening Net Asset Value for the period commencing on the date of this agreement amending on (and including) the Second Accounting Date; and
- (b) the lower of:
 - (i) the Net Asset Value as at the First Accounting Date; and
 - (ii) the Hurdle Net Asset Value as at the Second Accounting Date

in respect of Year 3, the greater:

- (a) of the LIBOR Adjusted Opening Net Asset Value for the period commencing on the date of this agreement and ending on (and including) the Third Accounting Date; and
- (b) the lower of:
 - (i) the Net Asset Value as at the Second Accounting Date; and
 - (ii) the Hurdle Net Asset Value as at the Third Accounting Date.

Provided that the Net Asset Value referred to in each of the paragraphs (i) of this definition shall be adjusted by reference to any events referred to in the definition of Adjusted Opening Net Asset Value which occurred subsequent to the relevant Accounting Date.

5. ALLOCATION OF NEW ORDINARY SHARES

- 5.1 Any new Ordinary Shares issued pursuant to this schedule shall be allocated among the following parties as follows:

Sellers	Percentage
Norland Trustees Limited as trustee of Ermgassen & Co. Employee Benefit Trust	14.19
BGL Reads Trust Company Limited as trustee of The Ziwagi Trust	4.56
BGL Reads Trust Company Limited as trustee of The Ermgassen Trust	6.25
OC&C Strategy Consultants Limited Partnership	25
Bedell Cristin Trustees Limited as trustee of The Chris Eyles Family Trust	25
Brait International Limited	25

- 5.2 Without prejudice to any legal or regulatory requirement binding on the assignor or the provisions of **Clause 5** of the agreement, the rights to receive shares under this schedule shall be assignable by a Seller to any of its Connected Persons and such assignment shall be made by serving a notice confirming such assignment on the Purchaser.

6. DETERMINATION OF NUMBER OF SHARES TO BE ISSUED ETC.

- 6.1 The Purchaser shall procure that the remuneration committee of the Purchaser (which shall for these purposes exclude any directors connected to any of the Sellers) shall meet

together as soon as is practicable following any Calculation Date with a view to agreeing how many new Ordinary Shares fall to be issued under this schedule in respect of such Calculation Date.

- 6.2 If such remuneration committee is unable to agree unanimously on such manner prior to the date that is one week following the relevant Calculation Date, such matter shall be referred to the Purchaser's Auditors who shall determine such matter conclusively acting as experts and not as arbitrators.
- 6.3 If there shall occur any such event as is referred to in the definitions of Adjusted Opening Net Asset Value or Adjusted Opening Share Price as requiring determination under this paragraph 6, such matter shall be referred to the Purchaser's Auditors who shall determine such matter conclusively acting as experts and not as arbitrators.
- 6.4 The costs of the Purchaser's Auditors in relation to matters referred to them under this paragraph 6 shall be borne by the Purchaser.

7. DETERMINATION OF LIBOR RETURN

- 7.1 The LIBOR Return as at any Calculation Date shall be calculated as notional return on the relevant amount for the relevant period as if that amount has been invested for the entirety of that period at an interest rate established as follows:
 - (a) the relevant rate should be equal to the (non-weighted) average of the London Interbank Offered Rate offered to the Purchaser's principal bankers on the first Business Day of each calendar month during the relevant period for sums in excess of £10,000,000 being deposited for one month.
 - (b) Such rate shall be determined by the Purchaser's principal bankers from time to time (whose certificate (in the absence of manifest error) shall be conclusive and who shall act as experts and not as arbitrators).
 - (c) If such interest rate as is mentioned in paragraph (a) above shall no longer be available, there shall be substituted for such rate such replacement rate as may reasonably be determined by the remuneration committee.
- 7.2 The notional return shall be determined by (i) applying the rate of interest determined under paragraphs 7.1(a) and 7.1(b) above to the relevant amount (plus any compounded interests added in previous terms of three months as referred to below) for successive terms of three months (or such shorter period as may be applicable to the last such term) to and including the last day of the relevant period with such interest being compounded with the relevant amount at the end of each aforementioned term; and (ii) deducting from the amount calculated under (i) above the original relevant amount.

8. MECHANICS OF SHARE ISSUE

On each Payment Date the Purchaser shall:

- 8.1 allot and issue to the Sellers the relevant number of new Ordinary Shares as is calculated to be issued pursuant to the Sellers or their permitted assigns; and
- 8.2 deliver (or procure the delivery of) to the Sellers (or their permitted assigns) definitive share certificates in the name of the Sellers (or their permitted assigns) in respect of the new Ordinary Shares so allotted to them (and the Sellers (or their permitted assigns) shall be entered in the Purchaser's register of members as the holder of such new Ordinary Shares allotted to them).

SCHEDULE 6

Agreed form documents

Service Agreement

Deed of Amendment

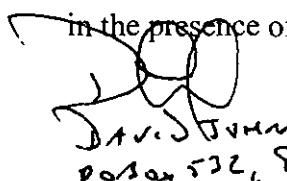
Power of attorney to vote pending registration of the transfer of the Shares

Written resignations and releases of directors and secretary

Signed for and on behalf of
NORLAND TRUSTEES LIMITED
in the presence of:

)
)
)




David John Le Man
P.O. Box 532, St Helier, Jersey
Trust Director

Signed for and on behalf of
BGL READS TRUST COMPANY LIMITED
acting as trustee for the Ermgassen Trust
in the presence of:

)
)
)
)
)

Signed for and on behalf of
BGL READS TRUST COMPANY LIMITED
as trustee for the Ziwagi Trust
in the presence of:

)
)
)
)

Signed for and on behalf of
BEDELL CRISTIN TRUSTEES LIMITED
acting as trustee of The Chris Eyles Family
Trust in the presence of:

)
)
)
)

Signed for and on behalf of
BRAIT INTERNATIONAL LIMITED
in the presence of:

)
)
)

Signed for and on behalf of
ERMGASSEN & CO LIMITED
in the presence of:

)
)
)

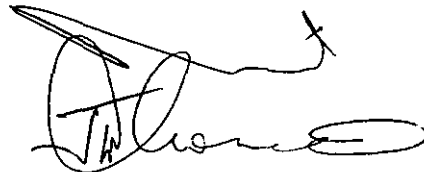
Signed for and on behalf of
OC&C STRATEGY CONSULTANTS
LIMITED in the presence of:

)
)
)

Signed for and on behalf of)
NORLAND TRUSTEES LIMITED)
in the presence of:)

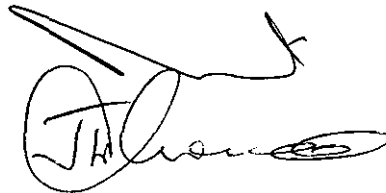
Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
acting as trustee for the Ermgassen Trust)
in the presence of:)

Glenoigan
COMMERCE HOUSE
ST PETER PORT
GUERNSEY



Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
as trustee for the Ziwagi Trust)
in the presence of:)

Glenoigan
COMMERCE HOUSE
ST PETER PORT
GUERNSEY



Signed for and on behalf of)
BEDELL CRISTIN TRUSTEES LIMITED)
acting as trustee of The Chris Eyles Family)
Trust in the presence of:)

Signed for and on behalf of)
BRAIT INTERNATIONAL LIMITED)
in the presence of:)

Signed for and on behalf of)
ERMGASSEN & CO LIMITED)
in the presence of:)

Signed for and on behalf of)
OC&C STRATEGY CONSULTANTS)
LIMITED in the presence of:)

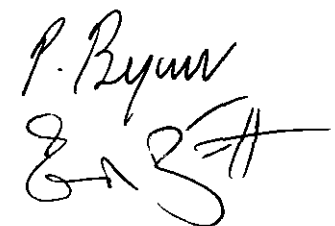
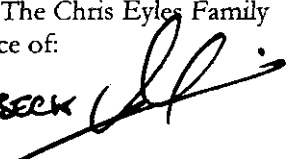
Signed for and on behalf of)
NORLAND TRUSTEES LIMITED)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
acting as trustee for the Ermgassen Trust)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
as trustee for the Ziwagi Trust)
in the presence of:)

Signed for and on behalf of)
BEDELL CRISTIN TRUSTEES LIMITED)
acting as trustee of The Chris Eyles Family)
Trust in the presence of:)

MASON BIRBECK



Signed for and on behalf of)
BRAIT INTERNATIONAL LIMITED)
in the presence of:)

Signed for and on behalf of)
ERMGASSEN & CO LIMITED)
in the presence of:)

Signed for and on behalf of)
OC&C STRATEGY CONSULTANTS)
LIMITED in the presence of:)

Signed for and on behalf of)
ALLERTON VENTURES LIMITED)
as general partner of OC&C STRATEGY)
CONSULTANTS LIMITED PARTNERSHIP)

Signed for and on behalf of)
NORLAND TRUSTEES LIMITED)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
acting as trustee for the Ermgassen Trust)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
as trustee for the Ziwagi Trust)
in the presence of:)

Signed for and on behalf of)
BEDELL CRISTIN TRUSTEES LIMITED)
acting as trustee of The Chris Eyles Family)
Trust in the presence of:)

Signed for and on behalf of)
BRAIT INTERNATIONAL LIMITED)
in the presence of:)

Paul Johnson
Debyson

Signed for and on behalf of)
ERMGASSEN & CO LIMITED)
in the presence of:)

Signed for and on behalf of)
OC&C STRATEGY CONSULTANTS)
LIMITED in the presence of:)

Signed for and on behalf of)
NORLAND TRUSTEES LIMITED)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
acting as trustee for the Ermgassen Trust)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
as trustee for the Ziwagi Trust)
in the presence of:)

Signed for and on behalf of)
BEDELL CRISTIN TRUSTEES LIMITED)
acting as trustee of The Chris Eyles Family)
Trust in the presence of:)

Signed for and on behalf of)
BRAIT INTERNATIONAL LIMITED)
in the presence of:)

Signed for and on behalf of)
ERMGASSEN & CO LIMITED)
in the presence of:)

RICHARD SWINDALLS *Richard Swindalls*



Signed for and on behalf of)
OC&C STRATEGY CONSULTANTS)
LIMITED in the presence of:)

Signed for and on behalf of)
NORLAND TRUSTEES LIMITED)
in the presence of:)

Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
acting as trustee for the Ermgassen Trust)
in the presence of:)

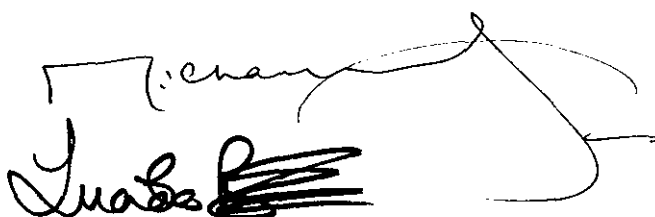
Signed for and on behalf of)
BGL READS TRUST COMPANY LIMITED)
as trustee for the Ziwagi Trust)
in the presence of:)

Signed for and on behalf of)
BEDELL CRISTIN TRUSTEES LIMITED)
acting as trustee of The Chris Eyles Family)
Trust in the presence of:)

Signed for and on behalf of)
BRAIT INTERNATIONAL LIMITED)
in the presence of:)

Signed for and on behalf of)
ERMGASSEN & CO LIMITED)
in the presence of:)

Signed for and on behalf of)
OC&C STRATEGY CONSULTANTS)
LIMITED in the presence of:)



Signed for and on behalf of
ALLERTON VENTURES LIMITED
as general partner of OC&C STRATEGY
CONSULTANTS LIMITED PARTNERSHIP
in the presence of:

P.T. Carey
PETER CAREY
COMMERCE HOUSE
LES BANQUES
ST PETER PORT.

Signed for and on behalf of
CHRISTOPHER EYLES
in the presence of:

Signed for and on behalf of
UNITED ENERGY PLC
in the presence of:

John D'Arcy
JOHN D'ARCY AS ALTERNATE TO JOHN
MCHELLAR, DIRECTOR

for and on behalf of
CLOSE TRUSTEES GUERNSEY LIMITED, SECRETARY.

John D'Arcy
Authorised Signatory

and on behalf of
CLOSE TRUSTEES GUERNSEY LIMITED

John D'Arcy
Authorised Signatory

Signed for and on behalf of)
ALLERTON VENTURES LIMITED)
as general partner of OC&C STRATEGY)
CONSULTANTS LIMITED PARTNERSHIP)
in the presence of:)

Signed for and on behalf of)
CHRISTOPHER EYLES)
in the presence of:)

BERNARD SIMON

Signed for and on behalf of)
UNITED ENERGY PLC)
in the presence of:)

