

DATED 20TH MARCH 1998

3512015

THURMAC LIMITED

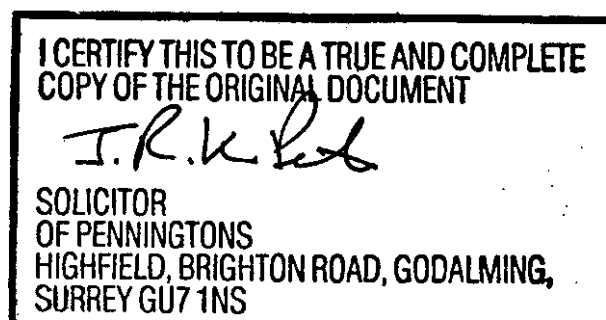
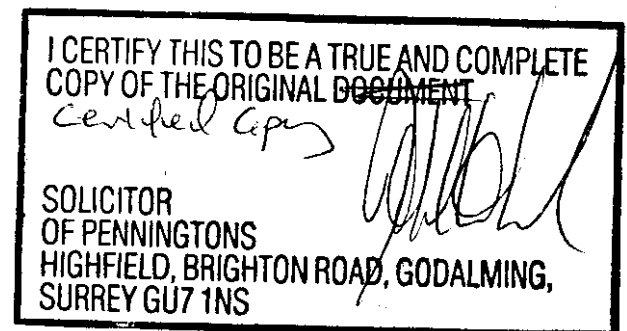
- and -

THE JADE GROUP LIMITED

AGREEMENT FOR SALE OF BUSINESS

Penningtons
Highfield
Brighton Road
Godalming
Surrey
GU7 1NS

89825



NIL

THIS AGREEMENT is made the 20TH MARCH 1998

BETWEEN:

- (1) THURMAC LIMITED (registered no 589769) whose registered office is at 14 House, 76 Liphook Road, Lindford, Bordon, Hampshire GU35 0PQ ("the Vendor"); and
- (2) THE JADE GROUP LIMITED (registered no 3512015) whose registered office is at Thurmac House aforesaid ("the Purchaser").

WHEREAS:

- (A) The Business is now and has for some time past been carried on by the Vendor as beneficial owner under the Business Name.
- (B) The Vendor has agreed to sell and transfer and the Purchaser has agreed to purchase the Business (together with the Assets) as a going concern on the terms and conditions of this Agreement and in particular on the basis of the representations, warranties, understandings, agreements and indemnities set out in this Agreement.
- (C) By an Agreement of even date herewith between E Coward & Co Limited and the Purchaser E Coward & Co Limited agreed to sell its business and assets to the Purchaser on the terms and conditions contained therein.
- (D) The Purchaser has an authorised share capital of £401,000 divided into 100 "A" Ordinary shares of £1 each all of which have been issued, 900 "B" Ordinary Shares of £1 each all of which have been issued, 80,000 5 per cent Cumulative Redeemable Preference Shares of £1 each none of which have been issued and 320,000 5 per cent Non-Cumulative Redeemable Preference Shares of £1 each none of which have been issued.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement unless the context otherwise requires the following expressions shall have the following meanings:

"Additional Shares"

such additional number of Cumulative Shares and such additional number of Non-Cumulative Shares to be allotted to the Vendor pursuant to Clause 9.2 the nominal value of which (when aggregated with the nominal value of the Consideration Shares (if any) and with



	the nominal value of the Loan Notes) shall equal the Lower Net Asset Value Provided that the additional number of Non-Cumulative Shares to be allotted pursuant to Clause 9.2 shall be four times the number of Cumulative Shares so allotted;
"Agreed Form"	in relation to any document, such document in the form agreed between the Vendor and the Purchaser and initialled by the Purchaser's Solicitors and the Vendor's Solicitors for the purpose of identification;
"Business"	the business of wholesale stationers and the wholesale supply of toys, greetings cards and seasonal products carried on by the Vendor at the Transfer Date;
"Business Contracts"	the Customer Contracts, Supplier Contracts, Computer System Agreements and the Leasing/Hire Agreements;
"Business Day"	any day which is not a Saturday, a Sunday or a bank or public holiday in England and Wales;
"Business Information"	all information, know-how and techniques (whether or not confidential and in whatever form held) which in any way relates to: (i) all or any part of the Business and Assets; (ii) any products sold or services rendered by the Business; (iii) any formulas, designs, specifications, drawings, data, manuals or instructions; (iv) the operations, management, administration or financial affairs of the Business; and (v) the sale or marketing of any of the products sold or services rendered by the Business, including, but without limiting the generality of the foregoing words, all customer names and lists, sales and marketing information;

"Business Intellectual Property"	means all intellectual property owned, used or enjoyed by the Vendor in connection with the Business as carried on at the Transfer Date;
"Business Name"	"Thurmac" or any name including the word Thurmac or any colourable imitation of it;
"Completion"	the completion of the sale and purchase of the Business and Thurmac Assets in accordance with Clause 6 and Schedule 1;
"Completion Accounts"	the audited accounts of the Business prepared in accordance with Clause 7 and Schedule 2;
"Computer System"	all computer hardware, software and networks owned or used by the Business;
"Computer System Agreements"	all arrangements and agreements to which any third party provides any element of the Computer System to the Business;
"Connected"	connected as defined in Section 839, Income and Corporation taxes Act 1988;
"Consideration"	an amount equal to the Thurmac Asset Value;
"Consideration Shares"	such number of Shares and such number of Non-Cumulative Shares to be allotted to the Vendor pursuant to Clause 7.3 the nominal value of which shall equal the Consideration (after deduction from the Consideration of the amount of the Creditors) as agreed or determined in accordance with Part 2 of Schedule 2 Provided that the number of Non-Cumulative Shares to be so allotted shall be four times the number of the Cumulative Shares so allotted;
"Consultancy Agreement"	a consultancy agreement in the Agreed Form between the Purchaser and Daphne Helen Meckiffe appointing her a

	consultant to the Purchaser for a term of five years at a fee of £2,000 per year;
"Coward Agreement"	the agreement of even date herewith between E Coward & Co Limited and the Purchaser described in Recital (C) above;
"Coward Asset Value"	the Asset Value of Coward as defined in the Coward Agreement;
"Coward Creditors"	the Creditors as defined in the Coward Agreement;
"Coward Debtors"	the Debtors as defined in the Coward Agreement;
"Coward Completion Accounts"	the audited accounts of the business of E Coward & Co Limited for its financial period ending on 31 March 1998;
"Coward Investments Loan"	the amount of the indebtedness due from E Coward & Co Limited to E Coward (Investments) Limited as shown in the Coward Completion Accounts as at the Transfer Date;
"Coward Net Asset Value"	<p>a sum equal to the aggregate of:-</p> <p>(a) the Coward Asset Value; and</p> <p>(b) the Coward Debtors; and</p> <p>(c) all E Coward & Co Limited's cash in hand or at the bank or at any other financial institution as at the Transfer date;</p> <p>less the Coward Creditors;</p>
"Creditors"	all trade and other debts, accrued charges and all other amounts owing by the Vendor in connection with the Business on the Transfer Date but only to the extent that such debts, accrued charges and other amounts are taken into account in the Completion Accounts including, for the avoidance of doubt, any amounts in respect of liabilities for VAT, PAYE,

	National Insurance Contributions or for taxation on profits or chargeable gains;
"Cumulative Shares"	5 per cent Cumulative Redeemable Preference Shares of £1 each in the capital of the Company;
"Customer Contracts"	all those contracts, engagements or orders entered into on or prior to the Transfer Date by or on behalf of the Vendor with customers in connection with and in the ordinary course of the Business which at the Transfer Date remain to be performed in whole or in part by the Vendor including, without limiting the generality of the foregoing words, all those contracts;
"Debtors"	all trade debts including pre-payments owing to the Vendor at the Transfer Date in connection with the Business to the extent taken into account in the Completion Accounts;
"Employees"	the persons who, at the Transfer Date, were employed by the Vendor for the purposes of the Business (and whose names and addresses are set out in Schedule 3 together with certain particulars of their respective employments);
"Excluded Assets"	the assets listed in Clause 3.1 as being excluded from the sale to the Purchaser;
"Fixtures and Fittings"	the fixtures (other than the Plant and landlords' fixtures) and the fittings (other than landlords' fittings) plant and machinery (other than the Plant) furniture, utensils, templates, implements, chattels and equipment wherever situate belonging to the Vendor and used in connection with the Business including, without limiting the generality of the foregoing words;
"Goodwill"	the goodwill of the Vendor in relation to the Business, together with the exclusive

	right for the Purchaser its successors and assigns to represent themselves as carrying on the Business in succession to the Vendor under the Business Name;
"Investments"	all shares in other companies including shares in Subsidiaries of the Vendor;
"Lease"	the lease of the Premises, in the Agreed Form;
"Leasing/Hire Agreements"	all those contracts, engagements or orders entered into on or prior to the Transfer Date by or on behalf of the Vendor in relation to the leasing, lease purchase or hire of goods or equipment for use in and in the ordinary course of the Business which on the Transfer Date remain to be performed in whole or in part including, without limiting the generality of the foregoing words;
"Loan Notes"	loan notes to be issued by the Purchaser pursuant to Clause 9 and constituted by the loan note instrument in the Agreed Form;
"Lower Net Asset Value"	whichever is the lower of:- (a) the Coward Net Asset Value; and (b) the Thurmac Net Asset Value;
"Motor Vehicles"	motor vehicles belonging to the Vendor;
"Non-Cumulative Shares"	5 per cent Non-Cumulative Redeemable Preference Shares of £1 each in the capital of the Company;
"Plant"	all plant and equipment wherever situate belonging to the Vendor and used in connection with the Business including, without limiting the generality of the foregoing words;
"Premises"	the freehold property at which the Business has been conducted by the

	Vendor details of which are set out in Schedule 4;
"Purchaser's Accountants"	Grant Thornton;
"Purchaser's Solicitors"	Penningtons;
"Records"	the books, accounts, lists of customers, credit reports, price lists, cost records, work tickets, catalogues, advertising and all the other documents, papers and records (however stored) (including VAT) records of the Vendor relating to the Business or any of the Thurmac Assets;
"Security Interest"	means and includes encumbrance, mortgage, charge, assignment for the purpose of security, pledge, lien, right of set-off, retention of title or hypothecation for the purpose, or which has the effect, of granting security interest of any kind whatsoever and any agreement, whether conditional or otherwise, to create any of the foregoing;
"Statement of Consideration"	the statement setting out the amount of the consideration prepared in accordance with paragraph 1 of Part 2 of Schedule 2;
"Stock"	the stock in trade of the Business at the Transfer Date including (without limitation), goods and other assets purchased for resale, stores, component parts, together with packaging and promotional material, all of which is owned or agreed to be bought by the Vendor in connection with the Business at the Transfer Date (including any items which, although subject to reservation of title by the sellers, are under the control of the Vendor);
"Subsidiary"	a subsidiary as defined in the Companies Act 1985 s 736;
"Supplier Contracts"	all those contracts, engagements or orders entered into on or prior to the Transfer

	Date by or on behalf of the Vendor for the supply or sale of goods to the Vendor in connection with and in the ordinary course of the Business which at the Transfer Date remain to be performed in whole or in part including, without limiting the foregoing words;
"Tax" or "Taxation"	all taxes, levies, duties, imports, charges and withholdings of any nature whatsoever imposed and all penalties, charges and interest relating thereto;
"Thurmac Assets"	the property, assets and rights of the Business to be purchased by the Purchaser as described in clause 2.1;
"Thurmac Asset Value"	the aggregate value at the Transfer Date of the Thurmac Assets calculated in the manner set out in paragraph 3 of Part 1 of Schedule 2;
"Thurmac Net Asset Value"	<p>a sum equal to the aggregate of:-</p> <p>(a) the Thurmac Asset Value; and</p> <p>(b) the Debtors; and</p> <p>(c) all the Vendor's cash in hand or at the bank or at any other financial institution as at the Transfer Date;</p> <p>less the Creditors;</p>
"Transfer Date"	31 March 1998 or such other date as the parties shall agree;
"Transfer Regulations"	the Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended);
"VAT"	Value Added Tax or any similar tax from time to time replacing it or performing a similar fiscal function;
"Vendor's Accountants"	Flack Stetson;

"Vendor's Schemes"

means the following pension schemes established by the Vendor:

Axa Equity & Law scheme for Mr Mason

Axa Equity & Law scheme for Mr Meckiffe

Axa Equity & Law scheme for Mr Booker

GA Life scheme for Mr Meckiffe

Scottish Widows scheme for Mr Faulkner

Scottish Life scheme which has commenced winding up;

and

the lump sum death in service scheme established by the Vendor;

and

the group personal pension plan with Scottish Life to which the Vendor contributes.

- 1.2 All references to a statutory provision shall be construed as including references to:
 - 1.2.1 any statutory modification, consolidation or re-enactment (whether before or after the date of this agreement) for the time being in force;
 - 1.2.2 all statutory instruments or orders made pursuant to a statutory provision;
 - 1.2.3 any statutory provisions of which a statutory provision is a consolidation, re-enactment or modification.
- 1.3 Except where the context otherwise requires words denoting the singular include the plural and vice versa; words denoting any gender include all genders; words denoting persons include firms and corporations and vice versa.
- 1.4 Unless otherwise stated a reference to a clause or Schedule is a reference to a clause in or a Schedule to this agreement.
- 1.5 Clause headings are for ease of reference only and do not affect the construction of this agreement;
- 1.6 Any statement qualified by the expression "to the best of the knowledge, information and belief of the Vendor" or "so far as the Vendor is aware" or any similar expression shall be deemed to include an additional statement that it has been made after due, diligent and careful enquiry by the Vendor.

2. AGREEMENT TO SELL AND PURCHASE

2.1 The Vendor shall sell with full title guarantee and transfer or procure the sale and transfer (which expression shall where appropriate include an assignment) and the Purchaser shall purchase with effect from the Transfer Date the Business as a going concern free from all claims, liens, equities, charges and encumbrances together with the following assets:

- 2.1.1 the Goodwill;
- 2.1.2 the Plant;
- 2.1.3 the Fixtures and Fittings;
- 2.1.4 the Stock;
- 2.1.5 the Motor Vehicles;
- 2.1.6 the benefit (subject to the burden) of the Business Contracts;
- 2.1.7 the Business Intellectual Property;
- 2.1.8 the Business Information;
- 2.1.9 the Computer System;
- 2.1.10 the Records;
- 2.1.11 all (if any) other assets, property or rights of the Vendor relating to or connected with or belonging to or required for or used in the Business and which are not described in the foregoing sub-clauses but not the Excluded Assets; and
- 2.1.12 all the Vendor's rights against third parties including all rights under any of the warranties, conditions, guarantees or indemnities or under the Sale of Goods Act 1979 relating to any of the Thurmac Assets.

2.2 Title in each of the Thurmac Assets will pass to the Purchaser on Completion.

2.3 For the avoidance of doubt the Purchaser shall be entitled to the benefit of all contracts placed by any customer with the Vendor on or after Completion and any payment relating to or connected with any such contract that is or has been received by the Vendor shall be paid to the Purchaser forthwith.

- 2.4 At Completion the Purchaser shall be deemed to have assumed responsibility for Creditors and shall discharge its obligations relating thereto in accordance with the provisions of Cause 15.1.

3. ASSETS AND LIABILITIES NOT INCLUDED IN THE SALE

- 3.1 The following are expressly excluded from the sale and purchase of the Business and the Thurmac Assets :

- 3.1.1 the Premises;
- 3.1.2 the Debtors;
- 3.1.3 the Investments;
- 3.1.4 all liabilities of the Vendor sat the Transfer Date except the Creditors;
- 3.1.5 all the Vendor's cash in hand or at the bank or at any other financial institution;

- 3.2 Nothing in this Agreement shall pass to the Purchaser, or shall be construed as acceptance by the Purchaser, of any liability, debt or obligation of the Vendor, other than as expressly set out in this Agreement.

4. CONDITIONS PRECEDENT

- 4.1 Completion of this Agreement is conditional upon the receipt of the clearance under Section 707 Income and Corporation Taxes Act 1988 in respect of the purchase of the Business by the Purchaser and in respect of the purchase of the business of E Coward & Company Limited by the Purchaser.
- 4.2 If the above condition is not satisfied on or before 31 May 1998 (or such other date as the Vendor and Purchaser in their absolute discretion may agree in writing) this Agreement shall become null and void and neither party shall be entitled to make a claim against the other party in connection with this Agreement save for any claim against the other party which forms an antecedent breach.

5. CONSIDERATION

The Consideration shall be satisfied by (a) the assumption by the Purchaser of responsibility for Creditors and (b) the allotment and issue free from any lien, charge, equity or other encumbrance to the Vendor of the Consideration Shares but if the Creditors exceed the Thurmac Asset Value no Consideration Shares shall be issued.

6. COMPLETION

Completion will take place in accordance with Schedule 1 at the offices of the Purchaser's Solicitors on the Transfer Date when the business described in Schedule 1 will be transacted.

7. COMPLETION ACCOUNTS AND CALCULATION OF THE CONSIDERATION

- 7.1 The parties shall procure that following Completion the Completion Accounts and the Statement of Consideration shall be drawn up and reviewed, all in accordance with the provisions of Schedule 2.
- 7.2 The Completion Accounts shall be drawn up in respect of the trading period ended on the Transfer Date.
- 7.3 The Consideration Shares (if any) shall be issued by the Purchaser to the Vendor as soon as the Statement of Consideration shall have been agreed or determined in accordance with Part 2 of Schedule 2.

8. DEBTORS

- 8.1 The Vendor shall forthwith supply to the Purchaser full details of the Debtors and the Purchaser shall:
 - 8.1.1 as agent for the Vendor use all reasonable endeavours, but without being required to commence legal proceedings, to collect the Debtors;
 - 8.1.2 account to the Vendor at monthly intervals for the gross amounts collected by it in respect of the Debtors;
 - 8.1.3 itself bear the burden of any early settlement discounts.
- 8.2 If it becomes apparent that recovery of any of the Debtors is not likely to be possible within a reasonable period unless legal proceedings are instituted, the Purchaser will advise the Vendor in writing and furnish the Vendor with full particulars of the steps taken by the Purchaser to effect recovery.
- 8.3 Subject to any express intention to the contrary on the part of the debtor, any money received by the Purchaser in the course of collecting any Debtors from a person who is also indebted to the Purchaser shall be deemed to have been paid in or towards discharge of the oldest debt, regardless of the identity of the creditor.
- 8.4 The Vendor agrees to advance by way of loan to the Purchaser on terms to be agreed all amounts collected by the Purchaser pursuant to Clause 8.1.1 above

to the extent that the amounts so collected exceed the amounts payable to the Purchaser by the Vendor as subscription monies for the Loan Notes and the Additional Shares.

9. ADDITIONAL SHARES AND LOAN NOTES

- 9.1 Within 120 days after the Completion Accounts have been agreed or (if later) after the Completion Accounts to be prepared pursuant to the Coward Agreement have been agreed the Vendor shall subscribe in cash at par for the Loan Notes and the Additional Shares.
- 9.2 The Purchaser shall forthwith following the subscription for the Loan Notes and the Additional Shares and receipt of the subscription monies allot the Vendor the Loan Notes and the Additional Shares.
- 9.3 The total nominal value of the Loan Notes to be issued by the Purchaser to the Vendor shall be equal to the Coward Investments Loan.

10. VALUE ADDED TAX

- 10.1 It is intended that the Business shall be transferred to the Purchaser as a going concern with effect from Completion and that the provisions of Article 5 of the Value Added Tax (Special Provisions) Order 1995 (SI 1995/1268) shall apply to such transfer and the sale and purchase of the Assets and each party shall use its reasonable endeavours to procure that the sale of the Business is treated as neither a supply of goods nor a supply of services under that Article.
- 10.2 The Vendor and the Purchaser shall within 30 days of Completion give notice of such transfer to the appropriate office of H.M. Commissioners of Customs and Excise in accordance with such regulations and requirements as may be applicable.
- 10.3 The Purchaser undertakes to the Vendor that:
 - 10.3.1 after Completion the Business will be carried on by it as a going concern and the Thurmac Assets will be used by it in carrying on the Business or a business of the same kind; and
 - 10.3.2 the Purchaser is already or will as a result of such transfer of the Business immediately on Completion become a taxable person (as defined in Section 3 of the Value Added Tax Act 1994).
- 10.4 The Consideration is exclusive of VAT and in the event that H.M. Commissioners of Customs and Excise determine that any VAT is payable on the sale of the Business or the Thurmac Assets, following receipt of a

valid VAT invoice, the Purchaser shall pay to Vendor the amount equal to the VAT payable either 5 Business Days prior to the date on which the Vendor is due to account for the same to H.M. Commissioners of Customs and Excise or, if later, 5 Business Days following the receipt of the tax invoice.

10.5 VAT payable in respect of goods and services supplied or deemed to be supplied by the Vendor prior to the Completion Date and all interest payable and penalties attributable to such VAT shall be paid to H.M. Customs and Excise by the Vendor.

10.6 The Vendor and the Purchaser intend that Section 49 of the Value Added Tax Act 1994 shall apply to the transfer of the Business under this Agreement and accordingly:

10.6.1 on Completion the Vendor shall deliver to the Purchaser all records referred to in such Section 49;

10.6.2 the Vendor shall not make any request to H.M. Customs and Excise for the records referred to in Clause 10.6.1 to be preserved by the Vendor rather than the Purchaser; and

10.6.3 the Purchaser shall preserve the records referred to in Clause 10.6.1 for such period as may be required by law and during that period permit the Vendor reasonable access to such records for the purpose of inspection or copying (at the Vendor's request).

11. RISK

11.1 The Vendor shall continue to carry on the Business for its own benefit and at its own risk up to the Transfer Date. The Thurmac Assets shall be at the risk of the Purchaser as from the Transfer Date.

11.2 All profits and receipts of the Business (other than profits earned or receivable in respect of work in progress) and all losses and outgoings incurred or payable by the Business up to the Transfer Date shall belong to, and be paid and discharged by, the Vendor.

11.3 All profits and receipts of the Business and all losses and outgoings incurred or payable by the Business as from the Transfer Date shall belong to, and be paid and discharged by, the Purchaser.

12. THE EMPLOYEES

12.1 The parties acknowledge and agree that the sale and purchase pursuant to this Agreement will constitute a relevant transfer for the purposes of the Transfer Regulations and that it will not operate so as to terminate any of the contracts

of employment of the Employees and such contracts shall be transferred to the Purchaser pursuant to the Transfer Regulations with effect from the Transfer Date.

12.2 The Vendor undertakes to the Purchaser:

- 12.2.1 to perform and observe, pending Completion, all the Vendor's obligations under the contracts of employment of the Employees (or any of the said obligations the Vendor would have had under or in connection with the said contracts but for the Transfer Regulations);
- 12.2.2 to pay to the Employees all sums to which they are entitled up to and including the Transfer Date including, without limitation, all wages and salaries, sick pay, maternity pay, any liability to taxation, accrued holiday pay, expenses, accrued bonus, commission and other sums payable in respect of any period up to the Transfer Date;
- 12.2.3 not to alter (whether to take effect prior to, on or after Completion) any of the terms of employment or engagement of any of the Employees;
- 12.2.4 not to make any deduction from the salary or other wages due to any of the Employees (otherwise than in respect of PAYE and National Insurance contributions) unless such deduction shall previously have been approved in writing by such of the Employees;
- 12.2.5 not to terminate or take any steps to terminate the contract of employment of, nor to dismiss (constructively or otherwise), any of the Employees;
- 12.2.6 not to transfer or move or redeploy any of the Employees from working within the Business, or induce any such Employee to resign his employment from the Business or to agree to transfer or move or be redeployed from the Business (without the prior written consent of the Purchaser);
- 12.2.7 fully to indemnify and keep indemnified the Purchaser against all losses, damages, costs, actions, awards, penalties, fines, proceedings, claims, demands, liabilities (including without limitation any liability to Tax), and expenses (including without limitation, legal and other professional fees and expenses) which the Purchaser may suffer, sustain, incur, pay or be put to by reason or on account of or arising from:

- (a) any failure by the Vendor to comply with its obligations under Clause 12.2;
- (b) any claim or other legal recourse by all or any of the Employees in respect of any fact or matter concerning or arising from employment with the Vendor prior to the Transfer Date;
- (c) the employment or termination of employment of any agent or contractor or employee of the Vendor (other than the Employees) whose employment is transferred to the Purchaser by the Transfer Regulations; and
- (d) any act or omission done or omitted to be done by the Vendor in relation to the Employees or any other employee of the Vendor which by virtue of the Transfer Regulations is deemed to be an act or omission of the Purchaser; and
- (e) without prejudice to sub-clause (d) above, any claim or demand or other legal recourse against the Purchaser by any other person or agent or employee or contractor of the Vendor who claims (whether correctly or not) that the Purchaser has inherited liability from the Vendor in respect of them by virtue of the Transfer Regulations.

13. PENSION SCHEMES

13.1 Vendor's Schemes shall be dealt with in accordance with the provisions of Schedule 5.

13.2 The Vendor warrants as follows:-

13.2.1 Except pursuant to the Vendor's Schemes, the Vendor is not under any obligation or commitment (whether legally enforceable or not) to pay, provide or contribute towards and the Vendor has not paid, provided or contributed towards, any Prescribed Benefit for or in respect of any person. For the purposes of this sub-clause, "Prescribed Benefit" means any pension, lump sum, gratuity or other like benefit or any

retirement, death, redundancy, termination of employment, incapacity, sickness, disability, accident, hospital or medical expenses benefit or other like benefit.

13.2.2 All material details and information of whatsoever nature relating to the Vendor's Schemes have been disclosed to the Purchaser.

13.2.3 All contributions in respect of the Vendor's Schemes payable by the Vendor in respect of the period prior to the Transfer Date have been paid or will have been paid before the Transfer Date.

14. THE BUSINESS CONTRACTS

14.1 Subject to Completion taking place the Purchaser undertakes to the Vendor with effect from the Transfer Date to assume the obligations and become entitled to the benefits of the Vendor under the Business Contracts and the Purchaser undertakes to carry out and perform and complete all the obligations and liabilities created by or arising under the Business Contracts and shall indemnify the Vendor and keep it fully indemnified against all liabilities, losses, actions, proceedings, costs, claims, demands and expenses brought or made against or incurred by the Vendor in respect of the Business Contracts after the Transfer Date.

14.2 The Vendor undertakes with effect from the Transfer Date to assign to the order of the Purchaser or to procure the assignment to the order of the Purchaser all the Business Contracts which are capable of assignment without the consent of other parties.

14.3 In so far as any of the Business Contracts are not assignable to the Purchaser without the agreement of or novation by or consent to the assignment from another party this Agreement shall not constitute an assignment or attempted assignment if such assignment or attempted assignment would constitute a breach of such Business Contracts. In the event that consent or novation is required to such assignment:

14.3.1 the Vendor at the Purchaser's request shall use all reasonable endeavours with the co-operation of the Purchaser to procure such novation or assignment as aforesaid;

14.3.2 unless and until any such Business Contract shall be novated or assigned as aforesaid the Vendor shall hold such Business Contract in trust for the Purchaser and its successors in title absolutely and the Purchaser shall as the Vendor's sub-contractor perform all the obligations of the Vendor under such Business Contract;

- 14.3.3 unless and until any such Business Contract shall be novated or assigned the Vendor will (so far as it lawfully may) give all such assistance to the Purchaser as the Purchaser may reasonably require to enable the Purchaser to enforce its rights under such Business Contract and (without limitation) will provide access to all relevant books, documents and other information in relation to such Business Contract as the Purchaser may require from time to time.

15. OBLIGATIONS OF THE PURCHASER AFTER COMPLETION

- 15.1 The Purchaser shall be responsible for and shall pay or discharge the Creditors save that the Purchaser shall not be obliged to pay or discharge any Creditor where the amount in question is the subject matter of a genuine dispute.
- 15.2 The Purchaser will promptly notify the Vendor of any complaint, claim or dispute or alleged complaint, claim or dispute received by it or any matter or thing which in its reasonable opinion is likely to give rise to a claim or alleged claim and which in each case is or would be a matter, dispute or claim for which the Vendor is or would be responsible or liable ("Claim") and in the case of any Claim which is referable to or connected with the Business or the Assets the Purchaser will (in so far as it is able and subject hereinafter provided) for a period of 12 months thereafter provide to the Vendor such reasonable information and assistance as might be reasonably requested of it by the Vendor in order for the Vendor to prosecute, defend or otherwise deal with the claim.

16. OBLIGATIONS OF THE VENDOR AFTER COMPLETION

- 16.1 The Vendor shall indemnify the Purchaser in respect of any costs, claims, expenses, damages or other liabilities which may be reasonably incurred or suffered by the Purchaser in connection with the provision of any reasonable information or assistance given pursuant to Clause 15.2.
- 16.2 The Vendor shall guarantee (jointly and severally with E Coward & Co Limited) the borrowings of the Purchaser from its bankers on terms to be agreed between the parties.

17. NOTICES

- 17.1 Any notice required to be given under this Agreement shall be in writing signed by (or by some person duly authorised by) the person giving it and may be served by leaving it or sending it by facsimile, pre-paid recorded delivery to the address of the relevant party set out in Clause 17.2. Any notice so served shall be deemed to have been received:

- 17.1.1 if delivered personally, at the time of delivery;

17.1.2 in the case of a notice sent by pre-paid recorded delivery, 48 hours after the date or posting;

17.1.3 in the case of a notice sent by facsimile copier or other electronic means of communication, if the notice was sent during the business hours of the addressee then on the day of transmission, and otherwise on the next following Business Day.

For the purposes of this Clause "business hours" means the hours of 9.00 a.m. to 5.30 p.m. local time in the country of the addressee.

17.2 Any notice required to be given under this Agreement shall be sent:

17.2.1 to the Vendor at:

49 The Street, Tongham, Surrey GU10 1DG

email: jdmeckiffe@dial.pipex.com

For the attention of: J D Meckiffe

17.2.2 to the Purchaser at:

53 Trematon Place, Broom Road, Teddington, Middlesex

TW11 9RM

For the attention of: David Sharples

18. COSTS

The parties shall pay their own costs and expenses in relation to the preparation, execution and carrying into effect of this Agreement.

AS WITNESS the hands of the parties to this Agreement or their duly authorised representatives on the date written on page 1 of this Agreement.

SCHEDULE 1

COMPLETION REQUIREMENTS

1. The Vendor shall deliver to or procure delivery to the Purchaser of:
 - 1.1 physical possession of all the Thurmac Assets capable of passing by delivery;
 - 1.2 the Lease duly executed by the Vendor;
 - 1.3 the Consultancy Agreement duly executed by Daphne Helen Meckiffe;
 - 1.4 all invoices, policies, premiums receipts, maintenance contracts and other accounts relating to the Premises;
 - 1.5 the Business Contracts and the books, accounts, reference lists of customers, credit reports, price lists, cost records, work tickets, catalogues, advertising and all other documents, papers and records in the possession or under the control of the Vendor relating to the Business or any of the Thurmac Assets duly written up to the Transfer Date;
 - 1.6 all such records as are referred to in Section 49 of the Value Added Tax Act 1994;
 - 1.7 releases duly executed by the chargee in a form acceptable to the Purchaser in respect of all Security Interests on or affecting any of the Thurmac Assets;
 - 1.8 the Records;
 - 1.9 all National Insurance PAYE records fully completed in respect of the Employees and showing that payments are up to date; and
 - 1.10 such irrevocable instruction to the banks of the Vendor as may be necessary to procure the automatic transfer to the Purchaser of any payment that any customer of the Business may make to such bank after the date hereof.
2. The Purchaser shall deliver to the Vendor:-
 - 2.1 a counterpart of the Lease duly executed by the Purchaser;
 - 2.2 the Consultancy Agreement duly executed by the Purchaser.

SCHEDULE 2

COMPLETION ACCOUNTS

PART 1

PREPARATION OF COMPLETION ACCOUNTS

The Completion Accounts shall be prepared in respect of the trading period ended on the Transfer Date and in accordance with the following provisions of this Schedule;

1. Stock-take

1. The Vendor and the Purchaser shall procure that a joint physical stock-take of the Stock is carried out as at the Transfer Date by the Vendor's employees or agents in the presence of representatives of the Purchaser and as the Vendor and the Purchaser shall respectively require. As soon as the stock-take has been completed the representatives of the Vendor and the Purchaser shall prepare a schedule ("Stock Schedule") thereof and submit a copy to the Purchaser initialled by the Vendor's and the Purchaser's representatives indicating their agreement with the said Stock Schedule. Any dispute shall be resolved as provided in Part 3 of this Schedule.

2. Completion Accounts-General Principles

2. The Completion Accounts shall be prepared by the Vendor and audited by the Vendor's Accountants:
 - 2.1 save as provided herein, in accordance with the Companies Act 1985 and generally accepted United Kingdom accounting principles and applicable accounting standards.
 - 2.2 save as provided herein and so far as not inconsistent with paragraph 2.1, using the same accounting bases and policies adopted by the Vendor in the preparation of its accounts for the year ended 31 March 1997;
 - 2.3 on a going concern basis (without reference either to the sale of the Business or to any matter contained or referred to in this Agreement other than to the provisions of this Schedule).
 - 2.4 applying the provisions of paragraph 3 below.

3. Completion Accounts - Particular Directions

- 3.1 The value of the Thurmac Assets ("Thurmac Asset Value") to be included in the Completion Accounts shall be ascertained/determined on the basis:
 - 3.1.1 that Goodwill is valued at £1;

- 3.1.2 that the Stock included in the Stock Schedule is valued at cost, as determined by reference to latest supplier invoice, less 12.6%.

PART 2

AGREEMENT OF COMPLETION ACCOUNTS AND STATEMENT OF THE AMOUNT OF THE CONSIDERATION

1. As soon as possible following the Transfer Date and in any event within 90 days thereof the Vendor shall procure that the Vendor's Accountants prepare and deliver to the Purchaser the Completion Accounts together with a statement ("Statement of Consideration") setting out the amount of the Consideration and an apportionment of the Consideration between the Thurmac Assets ("Apportionment").

The Vendor shall use all reasonable endeavours to procure that all records, working papers and other information as may reasonably be required for the purposes of this Schedule by the Purchaser and/or the Purchaser's Accountants shall be made available on request.

2. During the period from the delivery to the Purchaser of the Completion Accounts and the Statement of Consideration until the Completion Accounts and Statement of Consideration shall have been agreed or determined as hereafter provided the Purchaser shall be afforded all reasonable access during normal working hours to the books and records and to all working papers of the Vendor to enable the Purchaser to carry out its review, with the right to make copies thereof and to take extracts therefrom.
3. Forthwith on receipt of the documents referred to in paragraph 1 the Purchaser shall to carry out a review and within 15 Business Days of receipt to notify the Vendor in writing of any objection to the Completion Accounts or the Statement of Consideration on the basis only that the Completion Accounts and/or the Statement of Consideration were not prepared in accordance with the provisions of this Schedule, specifying in reasonable detail the particular matter or item in respect of which the objection is raised ("Objection Notice"). The Purchaser shall be entitled within such period to submit questions in writing to the Vendor's Accountants concerning the presentation of the Completion Accounts and/or the Statement of Consideration and the Purchaser and the Vendor shall meet together at a mutually convenient time and place prior to the expiry of the review period in a bona fide attempt to resolve any questions or disputes which may have arisen. In the absence of any Objection Notice being served within the review period the Completion Accounts and the Statement of Consideration shall be deemed agreed and shall be final and binding on the Vendor and the Purchaser and be conclusive proof of the Thurmac Asset Value and the amount of the Consideration.
4. If within 10 Business Days of receipt of the Objection Notice the Vendor and the Purchaser shall fail to agree that the Completion Accounts or the Statement of

Consideration were prepared in accordance with the provisions of this Schedule (such failure to agree being referred to as "Dispute") the Dispute shall be determined by the Purchaser's Accountants.

5. Any determination concerning the Dispute which is made by the Purchaser's Accountants shall be made without liability on the part of such accountants other than for gross negligence or bad faith and shall be conclusive and binding on the parties
6. The Purchaser's Accountants shall act as experts and not as arbitrators when making any such determination.
7. The Purchaser shall bear the costs and expenses of the Purchaser's Accountants.

SCHEDULE 3

THE EMPLOYEES

Name and Address	Date of Commencement of employment	Salary £	Pension	Bonus	Holiday
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SCHEDULE 3

THE EMPLOYEES

Hourly
(H) /
Salaried
(S)

Name	First	Job Title	DoB	DoE	Hours	Rate of Pay	Pension	Terms & Add. Benefits	Pension Scheme	Days Holiday
Bayer	Sheila, Betty	Clerk	15/10/39	11/6/90	37.50	H	4.75 per hour			20
Booker	Ross	Warehouse Manager	19/5/46	1/8/61	42.50	S	18900.00	car, pension, DIS life cover	Exec	20
Breach	Raymond, C	Sales Rep	16/4/52	27/8/97		S	7000.00	car, 2.5% Commission on sales after sett disc plus incentive bonuses		20
Clue	Patrick J	Delivery Driver	2/10/63	1/1/92	42.50	H	4.45 per hour	1.75%	GPPP	20
Cordina	Carmen	Warehouse Assistant	1/6/59	19/11/84	40.00	H	4.15 per hour			20
Edwards	Russell Andrew	Goods Inward	13/4/78	7/7/97	42.50	H	4.20 per hour			20
Faulkner	Michael John	Office Manager	24/11/48	11/9/89	37.50	S	18900.00	car, pension, DIS life cover	Exec	20
Fry	Susan Anne	Warehouse Assistant	26/6/79	26/1/98	35.00	H	3.50 per hour			20
Hayden	Emma Jane	Clerk	19/6/76	9/2/98	37.50	H	4.50 per hour			20
Howard	Thomas Frederick	Driver/ Warehouseman	28/5/24	27/9/82	17.50	H	4.15 per hour			20
Kemp	Cheryl Maureen	Clerk	16/4/67	10/4/89	37.50	H	5.55 per hour	1.75%	GPPP	20
Le May	Kenneth Richard	Sales Rep	16/6/45	27/6/94		S	10000.00	car, 2.5% Commission on sales after sett disc plus incentive bonuses		20
Mason	Beryl Lilian	Clerk	2/4/41	23/8/71	35.00	H	4.75 per hour	DIS Life Cover		20
Mason	Brian John	Sales Rep	4/5/39	1/1/86		S	19400.00	car, pension, DIS life cover	Exec	20

SCHEDULE 3

THE EMPLOYEES

Name	First	Job Title	DoB	DoE	Hourly (H) / Salaried (S)		Rate of Pay	Pension	Terms & Add. Benefits	Pension Scheme	Days Holiday
					Hours	(S)					
Matthews	Lynda Ann	Clerk	12/7/77	26/8/97	37.50	H	4.50 per hour				20
Matthews	Shirley, Lynn	Warehouse Assistant	10/11/54	1/6/89	35.00	H	4.75 per hour				20
Mead	Angela Phyllis	Warehouse Assistant	1/4/48	31/1/89	30.00	H	4.15 per hour				20
Munday	Ian, R	Sales Rep	8/2/57	6/7/81		S		1.75%	4% commission on sales after sett disc, car, pension, DIS life cover	GPPP	20
Musselwhite	Josephine Mary	Clerk	10/1/45	7/4/83	30.00	H	4.30 per hour	1.75%			20
Pearce	Rosemarie	Warehouse Assistant	16/6/46	22/8/88	27.50	H	3.75 per hour				20
Prothero	Marian Geraldine	Warehouse Assistant	30/11/56	28/11/95	27.50	H	3.90 per hour				20
Ralph	Alfred	Delivery Driver	1/5/34	11/3/91	42.50	H	4.50 per hour	1.75%		GPPP	20
Street	Jill	Warehouse Assistant	30/5/51	17/5/95	27.50	H	3.90 per hour				20
Taylor	Scott Phillip	Warehouse Assistant	26/4/77	3/9/98	42.50	H	3.75 per hour				20
Wild	Mandy	Cleaner	16/1/45	13/10/92	12.50	H	3.40 per hour				20
Wilson	Peter	Sales Rep	10/4/53	9/1/95		S	7000.00		car, 2.5% Commission on sales after sett disc plus incentive bonuses		20

SCHEDULE 3

THE EMPLOYEES

Name	First	Job Title	DoB	DoE	Hours	Hourly (H) / Salaried (S)		Rate of Pay	Pension	Terms & Add. Benefits	Pension Scheme	Days Holiday

DIRECTORS & SPOUSES

Mason	Edward Thomas	Chairman	26/4/42	29/4/57		S		31430.00	8.50%	car,pension (based on previous years salary of £33430), DIS life cover, profit related bonuses	Exec	20
Mason	Margaret		25/6/43	1/1/84		S		4958.00				20
Meckiffe	Jeremy David	Finance Director	10/3/55	8/9/80		S		20442.00	10.23%	car,pension (based on previous years salary of £24000), DIS life cover, profit related bonuses	Exec	20
Meckiffe	Carol Anne		26/11/48	1/10/94		S		8558.00				20

SCHEDULE 4

THE PREMISES

Thurmac House, 76 Liphook Road, Lindford, Bordon, Hampshire, GU35 0PQ

SCHEDULE 5

PENSION TRANSFER PROVISIONS

The Purchaser will replace the Vendor as principal employer in relation to the Vendor's Schemes other than the Scottish Life scheme which has commenced winding up and the group personal pension plan with Scottish Life with effect from the Transfer Date, subject to Inland Revenue approval. The Vendor and the Purchaser will execute such deeds and documents as may be necessary for this purpose on or as soon as is practicable after the Transfer Date. The Purchaser will continue to contribute to the schemes where it is to replace the Vendor as principal employer in accordance with this Schedule after the Transfer Date at the same rate as the Vendor was liable to contribute to it immediately before the Transfer Date, but without prejudice to the ability of the Purchaser to alter or terminate its liability to make such contributions after it has started to make them.

SIGNED by *E.T. Mason*)
for and on behalf of THURMAC)
LIMITED in the presence of:-)

Alan Gilpin

D.A. SHARPLES

SIGNED by *[Signature]*)
for and on behalf of THE JADE)
GROUP LIMITED in the presence)
of:-)

Alan Gilpin

E. T. Mason

ALAN GILPIN
HIGHFIELD
BRIGHTON ROAD, GODALMING
SURREY (TRAINING SOLICITOR)

D.A. Sharpley

ALAN GILPIN
HIGHFIELD
BRIGHTON ROAD, GODALMING
SURREY (TRAINING SOLICITOR)