

L785763

DATED 15 April 2004

- (1) TWP HOLDCO (4) LIMITED (IN LIQUIDATION)
- (2) THE LIQUIDATOR OF TWP HOLDCO (4) LIMITED
- (3) TWP TRADECO (4) LIMITED
- (4) TWP PROPCO (4) LIMITED
- (5) MATTHEW PORAY-PSTROKONSKI AND RITA HOWE-DOUGLAS

WE CERTIFY THIS TO BE
A TRUE COPY OF THE ORIGINAL

THE WILKES PARTNERSHIP
41 CHURCH STREET BIRMINGHAM B3 2RT

RECONSTRUCTION AGREEMENT

The Wilkes Partnership
41 Church Street
Birmingham
B3 2RT
Ref: RB/47713.1
24 February 2004 (3)



THIS AGREEMENT is made on 15 April 2004

BETWEEN:

- (1) TWP HOLDCO (4) LIMITED (registered number 4785770) whose registered office is 41 Church Street, Birmingham, B3 2RT ("Hold Co");
- (2) ROY WELSBY of Grant Thornton, 1 Westminster Way, Oxford, OX2 0PZ ("the Liquidator");
- (3) TWP TRADECO (4) LIMITED a company registered in England under number 4785763 whose registered office is at 41 Church Street, Birmingham, B3 2RT ("Trade Co");
- (4) TWP PROPCO (4) LIMITED a company registered in England under number 4785714 whose registered office is at 41 Church Street, Birmingham, B3 2RT ("Prop Co"); and
- (6) Those parties the details of which are set out in column 1 of Schedule 1 (together referred to as "the Shareholders").

WHEREAS:

- (A) By a business transfer agreement dated 15 April 2004 (the "Business Transfer Agreement") Hold Co acquired the trade, assets and liabilities of the business of Buds Limited, comprising the provision of nursery care and retail of toys from trade premises ("the Business").
- (B) By written resolutions of Hold Co on 15 April 2004 it was resolved as follows:
 1. That it is desirable to reconstruct the Company and for that purpose the Company be wound up voluntarily and that Roy Welsby of Grant Thornton, 1 Westminster Way, Oxford, OX2 0PZ be and hereby is appointed liquidator for the purposes of the voluntary winding-up.
 2. That a draft agreement which has been produced to this meeting and signed for the purpose of identification by the Chairman and is expressed to be made between the Company (1) its liquidator (2) TWP TradeCo (4) Limited (3) TWP PropCo (4) Limited (4) and Matthew Poray-Pstrokonski and Rita Howe-Douglas (5) be and the same hereby is approved and that the said liquidator be and he hereby is authorised pursuant to Section 110 of the Insolvency Act 1986 on behalf of the Company to enter into and carry out an agreement in the terms of the said draft and to receive in consideration thereof fully paid shares in TWP PropCo (4) Limited in respect of the assets set out in Schedule 3 (the "B Assets") and to distribute the same among the holders of Ordinary Shares in the capital of the Company and to

receive also in consideration thereof fully paid shares in TWP Trade Co (4) Limited in respect of the assets set out in Schedule 2 (the "A Assets") and to distribute the same among the holders of the Ordinary Shares in the capital of the Company.

- (B) Prop Co has been incorporated under the Companies Act 1985 and has a capital of £500,000 divided into 500,000 ordinary shares of £1 each of which two have been issued and are nil paid.
- (C) Trade Co has been incorporated under the Companies Act 1985 and has a capital of £500,000 divided into 500,000 ordinary shares of £1 each of which two have been issued and are nil paid.
- (D) It is provided by clause 3 of the memorandum of association of each of Prop Co and Trade Co that one of the objects for which it was incorporated was to acquire the B Assets and the A Assets respectively of Hold Co and to execute and carry out the agreement referred to in its memorandum of association (being this agreement).

NOW IT IS HEREBY AGREED as follows:

1. SALE AND PURCHASE

- 1.1 With effect from 11-30 am on the date hereof Hold Co shall sell, transfer and assign and:
 - 1.1.1 Trade Co shall purchase the assets set out in schedule 2 ("the A Assets") of Hold Co;
 - 1.1.2 Prop Co shall purchase the assets set out in schedule 3 ("the B Assets") of Hold Co.

2. ISSUE OF SHARES

- 2.1 In consideration of and subject to Hold Co selling, transferring and assigning the A Assets and B Assets pursuant to clause 1:
 - 2.1.1 Trade Co shall as soon as convenient issue to the Liquidator or, at the direction of the Liquidator, to the shareholders of Hold Co 49,998 new ordinary shares of £1 each credited as fully paid up in the capital of Trade Co and credit the two issued but nil paid shares of £1 each by way of satisfaction of the consideration for the acquisition of the A Assets described in clause 1 above;
 - 2.1.2 Prop Co shall as soon as convenient issue to the Liquidator or, at the direction of the Liquidator, to the shareholders of Hold Co 49,998 new ordinary shares of £1 each credited as fully paid up in the capital of Prop Co and credit the two issued but nil

paid shares of £1 each by way of satisfaction of the consideration for the acquisition of the B Assets described in clause 1 above.

3. DISTRIBUTION OF SHARES

- 3.1 The Liquidator shall distribute among the Shareholders the shares in the capital of Trade Co and Prop Co receivable by him as aforesaid pro rata to their existing shareholdings in Hold Co as set out in column 2 of Schedule 1.

4. TRANSFER OF ASSETS

- 4.1 All assets hereby agreed to be sold and purchased which are capable of passing by delivery shall be deemed to pass by delivery, on the date of this Agreement and at the time specified in clause 1.1, together with risk in such assets.
- 4.2 Hold Co and the Liquidator shall execute and deliver to Trade Co and Prop Co the conveyances or other instrument of transfer or assignment of the assets comprised respectively in the A and B Assets which are presented to them for execution by Trade Co and Prop Co. Trade Co and Prop Co shall accept without investigation such title to the property comprised within the A or B Assets as Hold Co possesses and the Liquidator shall not be required to enter into any covenant other than a covenant that he has not encumbered the same.

5. COSTS OF LIQUIDATION

- 5.1 All legal and accountancy costs, arising in connection herewith and the costs and expenses of the Liquidator shall be borne by Prop Co. Prop Co and Trade Co shall bear all Stamp Duty Land Tax payable in connection with the transfer or assignment of the assets comprised respectively in the B Assets and the A Assets.
- 5.2 Prop Co and Trade Co hereby jointly and severally undertake and agree to indemnify and keep indemnified the Liquidator against all debts, liabilities and obligations of Hold Co including the costs and expenses of and incidental to winding up Hold Co which debts liabilities obligations and costs shall be paid as between themselves in equal shares by Prop Co and Trade Co (but without prejudice to their joint and several liability to the Liquidator). Prop Co and Trade Co shall further jointly and severally indemnify and keep indemnified the Liquidator and Hold Co against all actions claims and demands whatsoever in respect of any debts costs claims liabilities acts matters or things due made done or omitted or to become due or to be made done or omitted by the Liquidator of Hold Co in implementing the provisions of this agreement.

- 5.3 Prop Co and Trade Co will on demand jointly and severally indemnify Hold Co against all and any liabilities, losses, costs, claims, damages, interest, demand and expenses whatsoever and howsoever arising or arisen in connection herewith and each of Prop Co and Trade Co will respectively indemnify Hold Co against all and any liabilities of the B Assets and/or of the A Assets (as appropriate) of Hold Co.

6. **FILING**

Each of Prop Co and Trade Co shall cause this agreement and any agreements constituting the titles of the respective allottees to the shares mentioned herein to be filed with the Registrar of Companies pursuant to Section 88 of the Companies Act 1985.

7. **TITLE**

The parties here to shall perform such acts and execute such documents as may be reasonably required for securing or vesting in Trade Co and/or Prop Co the legal and beneficial ownership of the A Assets or the B Assets (as the case may be) including without limitation duly executed deeds of assignment or novation in relation to the liabilities, encumbrances and obligations of Hold Co.

8. **MUTUAL UNDERTAKINGS**

- 8.1 To the extent that any party to this agreement receives property or monies belonging to another party under this agreement, the receiving party will hold such property or amounts on trust for the proper owner and shall:

8.1.1 in the case of monies received, account to the owner for the same within 10 days; or

8.1.2 in the case of any other property, notify the owner and make arrangements for the collection or transfer of the property as soon as reasonably practicable.

THIS AGREEMENT has been executed as a **DEED** and **DELIVERED** on the date stated at the beginning of this agreement.

SCHEDULE 1

Column 1	Column 2
Shareholder	Ordinary Shares
Matthew Poray-Pstrokowski	24,499
Rita Howe-Douglas	24,499

SCHEDULE 2

All of the issued shares in Buds Limited, namely 10 ordinary shares of £1 each.

SCHEDULE 3

Such right title as Hold Co has in the following assets:

Property	Title Number
106 Wake Green Road, Moseley, Birmingham, B13 9PH	WM49125
19 Woodland Road, Northfield, Birmingham, B31 2HU	WM32981
2 Birchfield Way, Yew Tree Estate, Walsall, WS5 4LG	WM57877
21 Sherbourne Place, Clarendon Street, Leamington Spa, CV32 5SW	WK47230
71 Tressillian Road, Brockley, Lewisham, London, SE4 1YA	LN65612
54 Billing Road, Northampton	

in each case subject to any charges, encumbrances, liens,
equities and other third party rights attaching thereto;

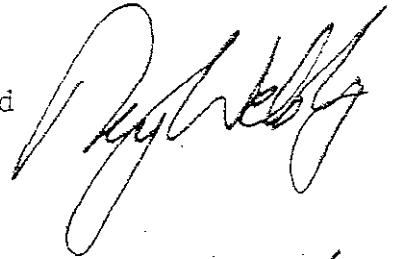
the Business as a going concern together with all assets and liabilities of the
Business transferred to Hold Co under the Business Transfer Agreement;

all amounts owing by Hold Co to trade creditors and other persons liabilities and
obligations of Hold Co at the date hereof;

all debts due and payable to Hold Co at the date hereof.

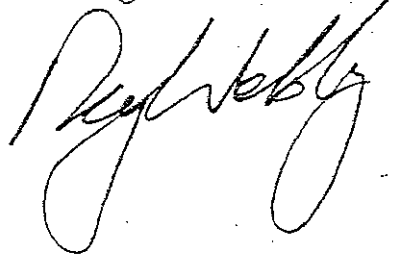
SIGNED as a Deed by Roy Welsby
acting as liquidator for and on behalf of TWP Holdco (4) Limited
in the presence of:

BW Maidment
Gant Thornton



SIGNED as a Deed by the said
Roy Welsby
in the presence of:

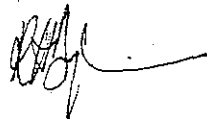
BW Maidment
Gant Thornton



EXECUTED as a Deed by
TWP TradeCo (4) Limited
acting by:

)
)
)
Director

Director/Secretary



EXECUTED as a Deed by
TWP PropCo (4) Limited
acting by:

)
)
)
Director

Director/Secretary



SIGNED as a Deed by
Matthew Poray-Pstrokowski
in the presence of:

Robert Bruders
ROBERT BRUDERS
41 Church Street
Birmingham



SIGNED as a Deed by
Rita Howe-Douglas
in the presence of:

Robert Bruders
ROBERT BRUDERS
41 CHURCH STREET
BIRMINGHAM

