

Dated

4th April

2008

6518981

**THE PERSONS
named in Schedule 1**

-and-

Guardian Holdings Limited

We certify that this is a
true and complete copy
of the original

Date 23/4/08
Berry Smith

BERRY SMITH LLP
Haywood House
Dumfries Place
Cardiff CF10 3GA

AGREEMENT

**for the sale and purchase
of the entire issued share capital
of Guardian Global Technology Group Ltd**

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THIS AGREEMENT is made the 4th day of April 2008

BETWEEN

- (1) **THE PERSONS** whose respective names and addresses are set out in column 1 of Part 1 of Schedule 1 (the "**Sellers**"), and
- (2) **GUARDIAN HOLDINGS LIMITED** (registered in England with number 06518981) whose registered office is at Melin House, Brunel Court, Village Farm Industrial Estate, Pyle, Bridgend, CF33 6BX (the "**Purchaser**")

PARTIES

- (A) Details of the Group are set out in Schedule 2
- (B) The Sellers have agreed to sell the Shares to the Purchaser and the Purchaser has agreed to purchase the Shares on and subject to the terms and conditions of this Agreement

NOW IT IS AGREED as follows

1 Definitions and Interpretation

1.1 In this Agreement

"**Accounts**" means the balance sheet of each Group Company as at the Balance Sheet Date and the profit and loss account of each Group Company for the year ended on that date together with the notes thereto and the directors' report in respect of that period and in the case of the Company only, the consolidated balance sheet as at that date and the consolidated profit and loss account for that period,

"**Accounts Relief**" means any relief from Taxation which.

- (a) has been treated as an asset in preparing the Accounts, or
- (b) has been taken into account in computing (and so reducing) or obviating any provision for Taxation or deferred Taxation which appears or which but for the availability or presumed availability of the relief would have appeared in the Accounts

"**Affiliate**" means in relation to any body corporate (i) its parent undertaking, or (ii) any subsidiary undertaking of such body corporate or of its parent undertaking,

"**Balance Sheet Date**" means 31 October 2007,

"**Board**" means the board of directors of the Purchaser appointed from time to time,

"**Business Day**" means a day (other than a Saturday or Sunday) when banks are open for business in the City of London,

"**CA 85**" means the Companies Act 1985,

"CA 06" means the Companies Act 2006,

"CEO" means a chief executive officer,

"Commercial Information" means all information (including Know How but not limited to matters which are confidential) at any time belonging to, or under the control of, any Group Company which has at any time been used or intended to be used for the purpose of its business (or any aspect of it),

"Company" means Guardian Global Technology Group Ltd, details of which are set out in Part 1 of Schedule 2,

"Completion" means completion of the sale and purchase of the Shares pursuant to this Agreement,

"Completion Accounts" means the completion accounts prepared and agreed or determined in accordance with Schedule 9,

"Consideration Shares" means the 45,520 ordinary shares of £0.10 each in the capital of the Purchaser to be allotted, and issued credited as fully paid in accordance with clause 3.1.1,

"Connected Person" means a person connected (within the meaning of section 839 TA 88) with any of the Sellers or any of the directors of any Group Company,

"Dangerous Substance" means any natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) the presence, generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any other substance) gives rise to a risk of causing harm to human health, comfort or safety or harm to any other living organism or causing damage to the Environment

"Deferred Consideration" means the sum of £1,000,000 payable to the Sellers as additional consideration for the Shares in accordance with clause 6,

"Determination Date" means the date of agreement or determination of the Completion Accounts in accordance with Schedule 9,

"Disclosed" means information fairly disclosed to the Purchaser expressly for the purposes of this Agreement (with sufficient details to identify the nature of the matter disclosed) in the Disclosure Letter or the Disclosure Documents (and **"Disclosure"** shall be construed accordingly),

"Disclosure Documents" the two identical bundles of documents collated by or on behalf of the Warrantors, the outside covers of each of which have been signed for identification by or on behalf of the Warrantors and the Purchaser,

"Disclosure Letter" means the letter described as such, dated as of the date of this Agreement and addressed by the Warrantors to the Purchaser,

"Encumbrance" means any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge,

lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above,

"Environment" means the environment as defined in section 1(2) of the Environmental Protection Act 1990,

"Environmental Law" means any common or statutory law, regulation, directive, treaty, code of practice, circular, guidance note and the like, in each case of any jurisdiction, in force or enacted relating or pertaining to the Environment, any Dangerous Substance, human health, comfort, safety or the welfare of any other living organism,

"FA" means the Finance Act;

"Group" means collectively the Company and its subsidiaries for the time being (and **"Group Company"** shall be construed accordingly),

"Guarantee" means any guarantee, suretyship, indemnity, bonding liability or similar contingent liability given or undertaken by a person to secure or support the obligations of any third party,

"Health and Safety Law" means any and all laws, whether civil, criminal or administrative, applicable to the Group and/or the Group's business, concerning health and safety matters and all and any regulations or orders made or issued under any such legislation and any relevant codes of practice, guidance notes and the like issued by government agencies,

"HMRC" means Her Majesty's Revenue and Customs,

"Indemnities" means the indemnities set out in clause 9,

"Intellectual Property" means all patents, trade marks, service marks, community trade marks, trade names, business names, unregistered trade and service marks, copyrights, design rights, database rights, rights to or in computer software, Know-How, trade secrets, rights to or in confidential information and all other commercial monopoly rights, intellectual property rights and rights or forms of protection of the same which may subsist anywhere in the world whether or not registered or capable of registration together with all applications for registration of and rights to apply for, and any licence to use, any of the foregoing,

"Investor Director" has the meaning set out in the articles of association of the Purchaser from time to time.

"IT (EP) A" means the Income Tax (Earnings and Pensions) Act 2003,

"IT Systems" means any and all computer, telecommunications and network equipment and/or computer software or programs (in both source and object code form) of whatsoever nature owned or used by the Group that is material in the context of the Group's business taken as a whole,

"Know-How" means all information, data and methodology not at present in the public domain and all financial, commercial, trade and business secrets of whatever nature and in whatever form, including that comprised in, derived from or relating to any drawings, diagrams, illustrations, data, specifications, lists, programs, formulae, technical information, plans, reports, manuals and all other documents, recorded information and data whatsoever and howsoever stored;

"Lease" means the lease in the agreed form relating to the Property and to be entered into between APC International Limited and Guardian Global Technologies Limited as soon as possible following Completion,

"Liability to Taxation" means

- (a) any liability to make a payment or increased payment of or in respect of Taxation regardless of whether such Taxation is chargeable or attributable directly or primarily to a Group Company or to any other person,
- (b) the loss in whole or in part of any Accounts Relief,
- (c) the setting off against any liability to Taxation or against profits earned, accrued or received on or before Completion of any relief from Taxation that arises after Completion in circumstances where, but for the setting of, any Group Company would have had a liability to Taxation in respect of which the Purchaser (ignoring any limitations on liability contained herein) would have been able to make a claim against the Warrantors under the Taxation Warranties, or
- (d) any liability to make a payment by way of indemnity or damages, or any other payment or repayment pursuant to a contract or arrangement and any failure to receive a payment, in each case arising out of or in connection with Taxation,

and references to a Liability to Taxation shall include the settlement with any Taxation Authority of a claim for Taxation made for or on behalf of the Taxation Authority,

"Loan Notes" means the £4,750,000 nominal unsecured loan notes to be constituted and issued in accordance with the terms of the Loan Note instrument,

"Loan Note Instrument" means the loan note instrument in the agreed form to be entered into by the Purchaser on or before Completion and creating up to £4,750,000 loan notes of the Purchaser,

"Net Asset Value" means the aggregate consolidated net asset value of the Group as shown by the Completion Accounts and being the aggregate of the Group's assets and liabilities,

"Parties" means the Purchaser and the Sellers (and **"Party"** shall be construed accordingly);

"Pension Schemes" means agreements or arrangements or custom and practice for the payment of or contribution towards any pensions, allowances, lump sums or other

like benefits on retirement for the benefit of any present or former director, officer or employee of the Company or for the benefit of the dependants of any such persons,

"Permits" means any permits, authorisations, licences or consents required to carry on the Business in compliance with Environmental Law;

"Property" means the property of which short particulars are set out in Schedule 3,

"Purchaser's Solicitors" means Osborne Clarke of 2 Temple Back East, Temple Quay, Bristol BS1 6EG;

"Retention Account" means an interest bearing deposit account number opened by and in the name of the Stakeholders at National Westminster Bank plc with account number 0603 4379 and sort code 12 05 77,

"Retention Fund" means the Deferred Consideration which is governed by the provisions of clause 5,

"Retention Instructions Letter" means the letter in the agreed form from the Sellers and the Purchaser to the Stakeholders relating to the operation of the Retention Account,

"Sellers' Solicitors" means Berry Smith LLP of Haywood House, Dumfries Place, Cardiff CF10 3GA;

"Service Agreements" means the service agreements in the agreed form to be entered into at Completion by Guardian Global Technologies Limited and each of Ian Creasey Maxted and Suzannah Maxted,

"Shares" means the 1,000 fully-paid issued ordinary shares of £1 each in the capital of the Company,

"Shortfall" has the meaning set out in clause 7 2,

"Stakeholders" means Osborne Clarke and Berry Smith LLP,

"Subsidiary" bears the meaning set out in section 1159 of CA 06;

"TA 88" means the Income and Corporation Taxes Act 1988;

"Taxation" or **"Tax"** means.

- (a) all forms of taxation and statutory, governmental, state, federal, provincial, local government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of the UK or any other jurisdiction, and
- (b) any penalty, fine, surcharge, interest, charges or costs payable in connection with any taxation within (a) above,

"Taxation Authority" means HMRC, the Department of Social Security and any other governmental or other authority whatsoever competent to impose, administer or collect any Taxation whether in the United Kingdom or elsewhere,

"Taxation Warranties" means the Warranties set out in Part 2 of Schedule 6,

"TCGA" means the Taxation of Chargeable Gains Act 1992,

"UK GAAP" means Generally Accepted Accounting Principles in the UK,

"VAT" means value added tax,

"VATA" means the Value Added Tax Act 1994;

"Warranties" means the warranties set out in clause 8 and Schedule 6 and

"Warranty" means any of them; and

"Warrantors" means the Sellers

- 1 2 Reference to any document as being **"in the agreed form"** means that it is in the form agreed between the Sellers and the Purchaser on or before the date of this Agreement and signed for the purposes of identification by or on behalf of the Sellers and the Purchaser
- 1 3 Where any statement is qualified by the expressions **"so far as the Warrantors are aware"** or by reference to the knowledge, awareness or belief of the Warrantors (or any of them) or by an expression of similar import, that statement shall be deemed (except where otherwise expressly provided to the contrary) to be given to the best of the knowledge, information and belief of the Warrantors having made all reasonable enquiry
- 1 4 The table of contents and headings and sub-headings are for convenience only and shall not affect the construction of this Agreement
- 1.5 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa, references to any gender shall include all other genders and references to any person shall include bodies corporate (wherever incorporated), unincorporated associations, partnerships and statutory bodies as well as any legal or natural person
- 1.6 The words **"other"**, **"include"** and **"including"** do not connote limitation in any way
- 1 7 References to Recitals, Schedules, clauses and sub-clauses are to (respectively) recitals to, schedules to, and clauses and sub-clauses of, this Agreement and references within a Schedule to paragraphs are to paragraphs of that Schedule References to this Agreement include a reference to each of the Schedules
- 1 8 References in this Agreement to any statute, statutory provision, directive of the Council of the European Union or other legislation include a reference to that statute, statutory provision, directive or legislation as amended, extended, re-enacted,

consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any order, regulation, instrument or other subordinate legislation made under the relevant statute, statutory provision, directive or legislation **PROVIDED ALWAYS THAT** the liability of the Sellers and/or the Purchaser shall not be increased by any such amendment, extension, re-enactment, consolidation or replacement made after the date of this Agreement

- 1 9 References to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England be deemed to include that which most nearly approximates in that jurisdiction to the English legal term
- 1 10 Any reference to "**writing**" or "**written**" includes any non-transitory form of visible reproduction of words
- 1 11 The expressions "**subsidiary**", "**holding company**", "**body corporate**", "**parent undertaking**" and "**subsidiary undertaking**" bear the same meanings in this Agreement as they respectively bear in CA 06
- 1 12 An obligation due from all or any of the Sellers to the Purchaser including a reference to "**indemnify**" or "**indemnified**"
- (a) shall be an obligation by the Sellers as applicable to pay to the Purchaser on a pound for pound basis a sum equal to all losses, claim, liabilities, damages and demands suffered and all costs and expenses (whether in each case they be actual or contingent and whether the party has discharged them or not) reasonably and properly incurred by the Purchaser and/or the Group arising out of that circumstance, and
 - (b) shall include such additional amount as is necessary so as to ensure that the net receipt to the Purchaser shall be free of the effects of any deduction in relation to Taxation, and
 - (c) is without prejudice to any other rights and remedies the Purchaser has under this Agreement
- 1 13 Where any liability or obligation is undertaken by two or more Sellers or Warrantors, the liability or obligation of each of them shall be joint and several unless stated to the contrary
- 1 14 Save as expressly defined or otherwise set out in sub-clauses 1.1 to 1.13 inclusive or in any other provision of this Agreement, words and expressions
- (a) which are defined in the CA 85 shall have the meaning attributed to them in the CA 85 when used in this Agreement, provided that if the section setting out the meaning in the CA 85 has been repealed, then (subject to any transitional provisions or savings) the meaning attributed to the word or expression by the CA 06 (if any) shall apply (and if no meaning is attributed to the word or

expression by the CA 06, then the definition in the CA 85 shall apply, notwithstanding that such definition has been repealed), and

- (b) which are defined in the CA 06 (whether or not the section setting out the meaning is in force as at the date of this Agreement) but not in the CA 85 shall have the meaning attributed to them by the CA 06 when used in this Agreement

2 Sale and purchase

- 2 1 Subject to the terms of this Agreement, each Seller shall sell with full title guarantee to the Purchaser that number of the Shares as is set opposite that Seller's name in column 2 of Schedule 1 and the Purchaser shall purchase the Shares accordingly free from all Encumbrances
- 2 2 The Shares shall be sold with the benefit of all rights attaching to or accruing to them as at the date of this Agreement, including all dividends and distributions declared, paid or made by the Company on or after the date of this Agreement, subject to the dividend to be declared by the Company to the Sellers at the date hereof for the sum of £150,000
- 2 3 The Purchaser shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed simultaneously
- 2 4 The Sellers shall within 3 months from the date of Completion use their best endeavours to (with the assistance of the Purchaser) deliver to the Purchaser the Lease duly executed by APC International Limited
- 2 5 Each Seller covenants, in relation to the Shares to be transferred by him pursuant to this Agreement, that he has the right to transfer the legal and beneficial title to such Shares and that they are free from all Encumbrances
- 2 6 The Sellers covenant that
 - 2 6.1 the Shares set out opposite each Seller's name in Schedule 1 are fully paid up (or credited as fully paid) and when aggregated with all other Shares set opposite the name of the other Seller in Schedule 1, constitute the whole of the allotted and issued share capital of the Company,
 - 2 6 2 there is no agreement or commitment outstanding under which the Company is or may be obliged to allot or issue any shares in the capital of the Company or under which any person is or may be entitled to the allotment, issue or transfer of any shares in the capital of the Company,
 - 2 6 3 each Seller has the full power and authority to enter into and perform this Agreement and each of the documents to be executed by him and delivered pursuant to this Agreement, each of which will constitute valid and binding obligations on him, and

- 2 6 4 no Seller is bankrupt, has proposed a voluntary arrangement or has made or proposed any arrangement or composition with his creditors or any class of his creditors.
- 2 7 The covenant set out in sub-clause 2 5 & 2 6 is not subject to any qualification whatsoever and no letter, document or other communication shall be deemed to constitute a disclosure against such covenant and the Sellers hereby agree to indemnify and keep indemnified the Purchaser against any breach of such covenant
- 2 8 Each of the Sellers waives all rights of pre-emption or similar rights over any of the Shares conferred on him either by the articles of association of the Company or in any other way
- 2.9 Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 shall not apply to any disposition of the Shares made under or pursuant to this Agreement.
- 3 **Consideration**
- 3 1 The consideration for the sale of the Shares shall be, as adjusted in accordance with clause 7 (Completion Accounts and Net Asset Adjustment),
- 3 1 1 the allotment and issue, credited as fully paid up, by the Purchaser to the Sellers of the number of Consideration Shares set out opposite their respective names in column 4 of Schedule 1,
- 3 1 2 a cash payment of £2,700,000 to the Sellers in the proportions set out opposite their respective names in column 3 of Schedule 1, and
- 3 1 3 the payment of the Deferred Consideration to the Sellers in accordance with clause 6 and in the proportions set out opposite their respective names in column 5 of Schedule 1
- 4 **Completion**
- 4 1 Completion shall take place at the offices of the Sellers' or at such other place and/or time as the Parties may agree in writing
- 4 2 At Completion, the Sellers shall perform their respective obligations and deliver to the Purchaser each of the documents as set out in Schedule 5 and the Purchaser shall (subject to the Sellers having complied with their obligations under Schedule 5).
- 4 2 1 pay or procure the payment of £2,700,000 by way of electronic transfer to the such account (the "**Receiving Account**") as the Sellers shall direct in writing immediately prior to Completion The Sellers hereby irrevocably covenant that at the time and date on which the sum of £2,700,000 is deposited in the Receiving Account, the Purchaser shall be deemed to have satisfied its obligation to pay under this clause and such receipt will constitute full and valid discharge of the Purchaser
- 4.2 2 procure the allotment and issue of the Consideration Shares to the Sellers and as soon as reasonably practicable thereafter

- (a) procure the entry in the register of members of the Purchaser of the names of the Sellers in respect of the number of Consideration Shares allotted to them,
- (b) issue to the Sellers share certificates in respect of the number of Consideration Shares to be issued to each of the Sellers, and

4 2 3 pay or procure the payment of the Retention Fund into the Retention Account to be held in accordance with the provisions of clause 5.

4 3 Notwithstanding Completion

4 4 1 each provision of this Agreement (and any other document referred to in it) not performed at or before Completion but which remains capable of performance,

4 4 2 the Warranties,

4 4.3 the Indemnities,

4 4 4 all covenants and other undertakings contained in or entered into pursuant to this Agreement

will remain in full force and effect and (except as otherwise expressly provided) without limit in time

4 5 Subject to any payments due to the Sellers under the terms of this Agreement, each of the Sellers covenants that there is no outstanding indebtedness owed to him or it by the Company and to the extent that such indebtedness so exists at Completion, the relevant Seller agrees to pay to the Purchaser (or if the Purchaser directs, the Company) an amount equal to such indebtedness

4 6 The Sellers shall on Completion procure the release of the Group Companies from any Guarantee given by any Group Company in respect of any obligations of any Seller or Connected Person and shall indemnify the Purchaser against all liability arising after Completion in respect of it and on Completion the Sellers shall be deemed to have irrevocably released the Group from all liabilities to such Seller or Connected Person save as otherwise expressly provided in this Agreement

4 7 The Sellers declare that for as long as they remain the registered holders of the Shares after Completion they will

4 7 1 hold the Shares and the dividends and any other moneys paid or distributed in respect of them after Completion and all rights arising out of or in connection with them in trust for the Purchaser,

4 7 2 deal with the Shares and all such dividends, distributions and rights as the Purchaser may direct for the period between Completion and the day on which the Purchaser or its nominee is entered in the register of members of the Company as the holder of the Shares

4 8 The Sellers irrevocably appoint the Purchaser as their attorney for the purpose of exercising any rights, privileges or duties attaching to the Shares including receiving notices of and attending and voting at all meetings of the members of the Company from Completion to the day on which the Purchaser or its nominee is entered in the register of members of the Company as the holder of the Shares

4 9 For the purpose of sub-clause 4 7, the Sellers authorise

4 9 1 the Company to send any notices in respect of their shareholdings to the Purchaser;

4.9 2 the Purchaser to complete and return forms of proxy, consents to short notice, written resolutions and any other document required to be signed by a Seller as a member of the Company

5 **Retention Fund Terms**

5 1 The Sellers direct the Purchaser to pay on Completion the Deferred Consideration into the Retention Account

5 2 On Completion the Sellers and the Purchaser shall irrevocably instruct the Stakeholders as follows

5 2 1 only to release the Retention Fund in accordance with the Retention Instructions Letter, the provisions of this clause and clause 6;

5 2 2 to pay the Sellers (to such account to be provided by the Sellers) out of the Retention Account, as soon as reasonably practicable following notification that it is payable, the amount agreed by the Parties,

5 2.3 to pay interest accrued on the Retention Fund (less any taxation on it to which the Stakeholders may be accountable and any charges and expenses incurred by them in relation to the Retention Fund) to the Sellers (to such account as the Sellers shall direct in writing immediately prior to Completion) quarterly on 1 June, 1 September, 1 December and 1 March of each year until the Retention Fund is paid in full (subject to the provisions of clause 5.3) to the Sellers

5 3 The Purchaser shall be entitled to set-off any amounts due by the Warrantors to the Purchaser against the Retention Fund if it has successfully proven a claim against the Sellers under the terms of the Warranties. The Purchaser and the Sellers hereby agree that in the event that proceedings are initiated by the Purchaser for a breach of the Warranties within the appropriate time frame specified in paragraph 3 of Schedule 7, then the sum held in the Retention Account at such time shall be retained in the Retention Account until such time that proceedings are either completed, settled or withdrawn

6 **Deferred Consideration**

6 1 Subject to the provisions of clauses 5 3 and 7 2, the Purchaser shall pay to the Sellers the Deferred Consideration as follows

- (a) £500,000 payable in cash on the date falling 12 months after Completion
 - (b) £500,000 payable in cash on the date falling 18 months after Completion
- 6 2 Subject to the provisions of clause 6 3 below the payment of the Deferred Consideration shall be conditional (unless an Investor Director agrees otherwise) on each of the Sellers remaining in the full-time employment of any of the companies within the Group at the time payment becomes due under clauses 6 1(a) and 6 1(b)
- 6 3 The provisions of clause 6 2 above will not be applicable to any of the Sellers in the event that his employment with any Group Company terminates as a result of redundancy or in circumstances which constitute wrongful or unfair dismissal
- 6 4 The Parties hereby agree that
- 6.4 1 in the event that a CEO is appointed by the Board before the payment under clause 6 1(b) is due then such payment shall be made by the Purchaser to the Sellers out of the Retention Fund, and the parties shall agree that such payment shall be made within 21 Business Days of the appointment of the CEO,
 - 6 4 2 in the event that no CEO has been appointed by the Board at the date the payment under clause 6 1(b) is due and Epi-V LLP has put forward a potential CEO for consideration by the Board, acceptable to the Board members other than the Sellers, then the Sellers shall either (i) approve the appointment of the CEO or (ii) forthwith pay £150,000 to the Company into such account as the Company may direct with no right to reclaim or recover such payment from the Company. For the avoidance of doubt this clause shall not in anyway release the Purchaser from its obligations to make the payment under clause 6.1(b)
 - 6 4.3 in the event that no CEO has been appointed when the payment at clause 6 1(b) is due then thereafter all parties shall continue to use all reasonable endeavours to employ a suitable CEO for the Company

7 Completion Accounts and Net Asset Adjustment

- 7 1 After Completion the Parties shall use their respective best endeavours to procure the preparation of Completion Accounts in accordance with Schedule 9 (Completion Accounts).
- 7 2 If, following agreement or determination of the Completion Accounts in accordance with schedule 9 (Completion Accounts), the Net Asset Value shall be less than £311,950 (the amount by which the Net Asset Value is less than the sum of £311,950 being the "Shortfall"), then such amount of the Shortfall as is less than or equal to the balance in the Retention Account shall be paid forthwith to the Purchaser out of the Retention Account and such payment shall be treated as a reduction of the Consideration. Interest from the Retention Account which is attributable to the amount of the Shortfall payable to the Purchaser shall also be paid to the Purchaser but will not be taken into account in calculating the amount of the payment in respect of the Shortfall and/or the resultant reduction of the Consideration

- 7.3 If the Shortfall is greater than £1,000,000 the Sellers undertake to pay the sum by which the Shortfall exceeds £1,000,000 to the Purchaser and such sum shall be apportioned between the Vendors pro rata to the number of Shares sold by each of the Sellers. This sum shall be paid within 10 Business Days of the Determination Date and shall carry interest at a rate of 2% over the base rate of Barclays Bank Plc from the Determination Date until the date of actual payment.
- 7.4 If, following agreement or determination of the Completion Accounts in accordance with Schedule 9 (Completion Accounts), the Net Asset Value shall be equal to or exceed £311,950, then there will be no adjustment to the Consideration
- 7.5 Save where the contrary is expressly stated, the agreement or determination of the Completion Accounts does not constitute or operate as a waiver of any other rights, powers or remedies of the Purchaser or of any other provision of this Agreement and does not preclude the exercise of any other right, power or remedy of the Purchaser arising under this Agreement or otherwise
- 7.6 Payments by the Purchaser or the Sellers and/or out of the Retention Account to any of the Parties shall be satisfied for the purposes of this clause 7 by payment to the payee's solicitors on their behalf whose receipt shall be good discharge of the obligations for such payment unless otherwise notified by the relevant payee party in writing to all other parties prior to the date on which the relevant payment becomes due
- 8 Warranties**
- 8.1 The Warrantors jointly and severally warrant to the Purchaser in the terms set out in Schedule 6 in relation to the Company and each of the Warranties shall be construed independently
- 8.2 The Warrantors undertake to the Purchaser to waive any and all claims which they might otherwise have against any Group Company, and/or their respective officers, employees, agents, consultants or any of them in respect of any information supplied to them by or on behalf of any Group Company in connection with the Warranties and/or the information Disclosed except in circumstances whereby the Warrantors (or any of them) have been fraudulently misled by any officer or employee of the Group or where such officer or employee has otherwise acted in bad faith. This shall not preclude any Warrantor from claiming under the terms of this Agreement and against any other Warrantor under any right of contribution or indemnity to which he may be entitled
- 8.3 The Warrantors accept that the Purchaser is entering into this Agreement upon the basis of and in reliance upon the Warranties
- 8.4 Where any Warranty refers or relates to the Company, for the purpose of this clause 8 and the Warranties only it shall be deemed to mean the Group Companies or each or any of them as the context requires, so that each of the Warranties is given in relation to each Group Company
- 8.5 The liability of the Warrantors in respect of any claim in relation to the Warranties and Tax Warranties shall be limited as provided in Schedule 7 but provided always that

- (a) in the case of a claim under the Tax Warranties, the above shall not serve to limit the liability of the Warrantors under the provisions of paragraph 2 1 1 of Schedule 7, and
 - (b) such limitations shall not apply in the case of any fraud or dishonesty or any wilful misstatement or any wilful omission on the part of any of the Warrantors or their advisors
- 8 6 Each of the Warrantors undertakes to disclose in writing to the Purchaser anything which is or may constitute a claim in relation to the Warranties or which is inconsistent with the contents of the Disclosure Letter directly it comes to the notice of any of them either before, at the time of, or after Completion
- 8 7 The rights and remedies of the Purchaser in respect of any breach of the Warranties or the Indemnities shall not be affected by Completion or by any investigation made or which would have been made by it or on its behalf into the affairs of the Group
- 8 8 If any claim is made in relation to the Warranties no Warrantor shall make any claim against any Group Company or any director or employee of any Group Company on whom he may have relied before agreeing to any terms of this Agreement or authorising any statement in the Disclosure Letter This sub-clause shall not preclude any Warrantor from claiming against any other Warrantor under any right of contribution or indemnity to which he may be entitled.
- 9 Indemnities**
- 9.1 The Sellers shall indemnify, and keep indemnified, the Purchaser and the Group against any and all liabilities, losses, demands, costs, claims, penalties, fines and expenses (including without limitation any Liability to Taxation and all reasonable legal and other professional costs) incurred, suffered or payable by the Purchaser or the Group arising from or in relation to
- 9 1 1 any claim brought or allegation made by any person, including a person engaged by the Company or any Group Company, that a relationship of employment exists with the Company or any Group Company, in respect of the period up to and including Completion,
 - 9.1 2 any failure by the Company or any Group Company to comply with any of its obligations (statutory or otherwise) prior to Completion relating to stakeholder pension schemes including without limitation under the Welfare Reform and Pensions Act 1999, the Stakeholder Pension Schemes Regulations (S I. 2000 No 1403) and the Financial Services and Markets Act 2000 ,
 - 9 1.3 the late filing of tax computations or tax returns by the Company or any Group Company with HMRC in respect of the period up to and including Completion;
 - 9 1 4 any tax payable as a result of clawed-back relief in respect of the future movement of the Property or the transfer of APC International Limited out of the Group,
 - 9 1 5 R&D tax allowances which have been claimed against non-qualifying R&D;

9 1 6 the transfer or hive up of any business or assets of any Group Company to APC International Limited in respect of the period up to and including Completion;

9 1 7 any tax payable over £10,235 in respect of clawed-back write downs arising from the sale of APC International Limited

10 Protection of goodwill

10 1 As further consideration for the Purchaser agreeing to purchase the Shares on the terms contained in this Agreement and with the intent of assuring to the Purchaser the full benefit and value of the goodwill of the Group, each of the Sellers hereby severally undertakes to the Purchaser (contracting for itself and on behalf of the Company) that, except (i) as directors or employees of the Company if individual Sellers are continuing as directors or employees or (ii) in accordance with a prior waiver given by or on behalf of the Purchaser, such Seller shall not, whether on his own behalf or with or on behalf of any other person and whether directly or indirectly by any other person or business controlled by his or any Connected Person

10 1 1 in the period from Completion to 2 years after Completion carry on or be employed, engaged, concerned or interested within the United Kingdom and any other jurisdiction in which any Group Company actively markets at the date hereof in any business which competes with the Group's business as at the date of this Agreement provided that nothing in this sub-clause 10 1.1 shall prevent any of the Sellers nor any of their Connected Persons from holding not more than 5% of any class of the issued share or loan capital of any company quoted on a recognised stock exchange (as defined in section 841 TA 88),

10 1 2 in the period from Completion to 2 years after Completion, canvass, solicit or approach or cause to be canvassed, solicited or approached (in relation to a business which competes with the Group's business as at the date of this Agreement) the custom of any person who at any time during the 12 months preceding Completion shall have been a client or customer of any Group Company;

10 1 3 in the period from Completion to 2 years after Completion offer employment to or offer to conclude any contract of services with employees holding executive or managerial posts of any Group Company Provided always that this sub-clause 10 1 3 shall only apply in relation to persons who were so employed at Completion and who were still so employed at the time of the relevant breach of this sub-clause 10 1 3, or

10 1 4 at any time after Completion use as a trade or business name or mark or carry on a business under a title containing the word(s) "Guardian Global Technology" or any other word(s) colourably resembling any such word.

Each undertaking contained in this sub-clause 10.1 shall be read and construed independently of the other undertakings and as an entirely separate and severable undertaking.

10 2 Whilst the undertakings in sub-clause 10 1 are considered by the Parties to be reasonable in all the circumstances, if any one or more should for any reason be held to be invalid, but would have been held to be valid if part of the wording were deleted, the undertakings shall apply with the minimum modifications necessary to make them valid and effective.

10 3 Each of the Sellers severally agrees that, having regard to the facts and matters set out above and having taken professional advice, the restrictions contained in this clause 10 are reasonable and necessary for the protection of the legitimate business interests of the Purchaser

11 Further assurance

11 1 Each of the Parties shall from time to time on being required to do so by the others, as soon as practicable following written request and at the sole cost and expense of the requesting Party, do or procure the doing of all such acts and/or execute or procure the execution of all such documents as are necessary so as to give full effect to this Agreement.

12 Confidentiality; announcements

12 1 Except as expressly provided in this Agreement, each of the Sellers undertakes to the Purchaser, and the Purchaser undertakes to each of the Sellers, to keep confidential at all times after the date of this Agreement, and not directly or indirectly to reveal, disclose or use for his or its own or any other purposes, any confidential information received or obtained as a result of entering into or performing, or supplied by or on behalf of a Party in the negotiations leading to, this Agreement and which relates to

12 1 1 the negotiations relating to this Agreement,

12 1 2 the subject matter and/or provisions of this Agreement; or

12 1 3 (in the Sellers' case) the Purchaser or (in the Purchaser's case) the Sellers.

12 2 Except as expressly provided in this Agreement, each of the Sellers undertakes to the Purchaser to keep confidential at all times after the date of this Agreement, and not directly or indirectly to reveal, disclose or use for his or its own or any other purposes, any Commercial Information

12 3 The obligations in sub-clauses 12 1 and 12 2 do not apply to the extent that

12 3 1 the information was in the public domain before it was furnished to the relevant Party or, after it was furnished to that Party, entered the public domain otherwise than as a result of (i) a breach by that Party of this clause or (ii) a breach of a confidentiality obligation by the discloser, where the breach was known to that Party, or

12 3 2 disclosure is necessary in order to comply with applicable legislation, regulatory requirements or obtain tax or other clearances or consents from HMRC or other relevant Taxation Authority, or

- 12.3.3 each Party to whom the information relates has consented in writing to its disclosure, or
- 12.3.4 a Party considers it necessary to disclose the information to its professional advisers, auditors and bankers provided that it does so on a confidential basis, provided that any such information disclosable pursuant to sub-clause 12.3.2 shall be disclosed only to the extent required by applicable legal or regulatory requirements and (unless such consultation is prohibited by applicable legal or regulatory requirements) only after consultation with the Purchaser or the Sellers' Representative (as the case may be)
- 12.4 No party shall make any press release or other public announcement in connection with any of the transactions contemplated by this Agreement except
- 12.4.1 an announcement in the agreed form or in any other form agreed by the Purchaser and the Sellers' Representative, or
- 12.4.2 any announcement required by any applicable law or regulatory requirements to which any Party is subject (provided that, unless such consultation is prohibited by regulatory requirements, it is made only after consultation with the Purchaser or the Sellers (as the case may be))

13. Assignment

- 13.1 Subject to clause 13.2, no Party may assign, transfer, charge or deal in any way with the benefit of, or any of its rights under or interest in, this Agreement except with the prior written consent of the other Parties.
- 13.2 The Purchaser shall be entitled to assign or transfer the benefit of this Agreement (including the Warranties and the Indemnities) to any of its Affiliates provided that, prior to such Affiliate ceasing to be an Affiliate of the Purchaser it shall re-assign or transfer such benefit to the Purchaser (or another Affiliate thereof), any successor in title or any subsequent purchaser of Shares

14 General

- 14.1 No delay or omission by any Party in exercising any right, power, privilege or remedy hereunder shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof (except in respect of any right, power, privilege or remedy arising from the limitations of liability set out in Schedule 7) and no single or partial exercise or non-exercise of any right, power, privilege or remedy shall in any circumstances preclude any further or other exercise thereof or the exercise of any other right, power, privilege or remedy
- 14.2 No variation to this Agreement shall be of any effect unless it is agreed in writing and signed by or on behalf of each Party
- 14.3 Except as otherwise stated in this Agreement, each Party shall bear its own costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and all other agreements forming part of the transactions

contemplated by this Agreement Without prejudice to the generality of the foregoing all stamp, transfer and registration taxes, duties and charges and all (if any) notarial fees payable in connection with the sale of the Shares shall be payable by the Purchaser

- 14 4 All payments to be made under this Agreement shall be made in full without any set-off or counterclaim and free from any deduction or withholding except as may be required by law (in which event such deduction or withholding shall not exceed the minimum amount required by law and the payer will simultaneously pay to the payee whatever additional amount is required for the net amount received to equal what would have been received if no such deduction or withholding had been required)
- 14 5 This Agreement, the Shareholders Agreement, the Service Agreements and any other document ancillary thereto and in the agreed form and any other documents required to be delivered or entered into at Completion under the terms of Schedule 5 constitutes the whole and only agreement and understanding between the Parties in relation to its subject matter. Except in the case of fraud, all previous agreements, understandings, undertakings, representations, warranties and arrangements of any nature whatsoever between the Parties (or any of them) with any bearing on the subject matter of this Agreement are superseded and extinguished (and all rights and liabilities arising by reason of them, whether accrued or not at the date of this Agreement, are cancelled) to the extent that they have such a bearing.
- 14 6 This Agreement may be executed in any number of counterparts and by the Parties on different counterparts Each counterpart shall constitute an original of this Agreement but all the counterparts shall together constitute one and the same Agreement
- 14 7 Unless expressly provided in this Agreement, nothing in this Agreement is intended to confer on any person any right to enforce any term of this Agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999

15 Notices

- 15.1 Any communication to be given in connection with the matters contemplated by this Agreement shall be in writing and shall either be delivered by hand or sent by first class pre-paid post or facsimile transmission Delivery by courier shall be regarded as delivery by hand. Such communication shall be sent to the address or fax number (in the case of the Sellers as set out at Schedule 1 and (in the case of the Purchaser) as set out below or to such other address or fax number as may previously have been communicated to the sending Party in accordance with this clause Each communication shall be marked for the attention of the relevant person

Purchaser: Guardian Global Holdings Limited

Address Melin House, Brunel Court, Village Farm Industrial Estate, Pyle, Bridgend CF33 6BX

FAO Iain Maxted

FAX: 01656742251

Copy John Hutchinson, Epi-V
Winchfield Lodge, Old Potbridge, Winchfield, Hampshire, RG27 8BT

15.2 A communication shall be deemed to have been served

15.2.1 if delivered by hand at the address referred to above at the time of delivery,

15.2.2 if sent by first class pre-paid post to the address referred to in that sub-clause, at the expiration of two clear days after the time of posting, and

15.2.3 if sent by facsimile to the number referred to in that sub-clause, at the time of completion of transmission by the sender

If a communication would otherwise be deemed to have been delivered outside normal business hours (being 9.30 a.m. to 5.30 p.m. on a Business Day) under the preceding provisions of this clause, it shall be deemed to have been delivered at the next opening of such normal business hours

15.3 In proving service of the communication, it shall be sufficient to show that delivery by hand was made or that the envelope containing the communication was properly addressed and posted as a first class pre-paid letter or that the facsimile was despatched and a confirmatory transmission report received

15.4 A Party may notify the other Parties of a change to its name, relevant person, address or facsimile number for the purposes of sub-clause 15.1 provided that such notification shall only be effective on the date specified in the notification as the date on which the change is to take place or if no date is specified or the date specified is less than five clear Business Days after the date on which notice is deemed to have been served, the date falling five clear Business Days after notice of any such change is deemed to have been given

16 Governing law and jurisdiction

16.1 This Agreement shall be governed by and construed in accordance with the laws of England and Wales and each of the Parties irrevocably agree that, for the exclusive benefit of the Purchaser, the courts of England and Wales shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement.

IN WITNESS WHEREOF the Parties or their duly authorised representatives have executed this Agreement as a deed and delivered it at the date first appearing at the head of this Agreement.

Schedule 1

Details of the Sellers

(1) Name and address	(2) Number of Shares	(3) Amount of Cash Consideration	(4) Number of Consideration Shares	(5) Deferred Consideration
Ian Creasey Maxted Windmill Barn Lantwit Road Wick Cowbridge Vale of Glamorgan CF71 7QD	510	1,377,000	22,760	510,000
Suzannah Maxted Windmill Barn Lantwit Road Wick Cowbridge Vale of Glamorgan CF71 7QD	490	1,323,000	22,760	490,000
TOTAL	1000	2,700,000	45,520	1,000,000

Schedule 2
Part 1 – Details of the Company

Name: Guardian Global Technology Group Ltd

Number: 4933891

Date of incorporation: 15 October 2003

Registered office: Windmill Barn, Llantwit Road, Wick, Cowbridge CF71 7QD

Share capital:

- authorised: £1000 divided into 1000 shares of £1 00 each

- issued: 1000 ordinary shares of £1 00 each

Shareholders: Shareholding:

Iain Maxted 510 ordinary share of £1

Suzannah Maxted 490 ordinary share of £1

Directors: Iain Maxted and Suzannah Maxted

Secretary: Iain Maxted

Auditors: Not applicable

Charges: None

Schedule 2

Part 2 – Details of the Group Companies

Name	Centreindex Limited
Number	04860557
Date of Incorporation	08/08/2003
Registered Office	Windmill Barn Llantwit Road Wick Vale of Glamorgan CF71 7QD
Share Capital	
• Authorised	£1,000 divided into 1,000 ordinary shares of £1.00 each
• Issued	1 ordinary £1 share
Shareholder(s)	Guardian Global Technology Group Limited
Directors	Iain Creasey Maxted, Suzannah Maxted
Secretary	Iain Creasey Maxted
Auditors	n/a

Name	APC International Limited
Number	4977649
Date of Incorporation	26/11/2003
Registered Office	Windmill Barn Llantwit Road Wick Vale of Glamorgan CF71 7QD
Share Capital	
• Authorised	£100 divided into 100 ordinary shares of £1 00 each
• Issued	100 ordinary £1 shares
Shareholder(s)	Guardian Global Technology Group Limited
Directors	Iain Creasey Maxted, Suzannah Maxted
Secretary	Iain Creasey Maxted
Auditors	n/a

Name	Guardian Global Technologies Limited
Number	06526912
Date Of Incorporation	07/03/2008
Registered Office	Windmill Barn Llantwit Road Wick Cowbridge United Kingdom CF71 7QD

Share Capital

• Authorised	£100 divided into 100 ordinary shares of £1 00 each
• Issued	1 ordinary £1 share
Shareholder(s)	Guardian Global Technology Group Limited
Directors	Iain Creasey Maxted, Suzannah Maxted
Secretary	Iain Creasey Maxted
Auditors	n/a

Name	Guardian Global Technology Limited
Number	04924325
Date Of Incorporation	07/10/2003
Registered Office	Windmill Barn Llantwit Road Wick Cowbridge United Kingdom CF71 7QD

Share Capital	
• Authorised	£1000 divided into 1,000 ordinary shares of £1 00 each
• Issued	1 ordinary £1 share
Shareholder(s)	Guardian Global Technology Group Limited
Directors	Iain Creasey Maxted, Suzannah Maxted
Secretary	Iain Creasey Maxted
Auditors	n/a

Name	Technical Manufacturing and Resources Limited
Number	04933341
Date Of Incorporation	15/10/2003
Registered Office	Windmill Barn Llantwit Road Wick Cowbridge United Kingdom CF71 7QD

Share Capital	
• Authorised	£100 divided into 100 ordinary shares of £1 00 each
• Issued	100 ordinary £1 shares
Shareholder(s)	Guardian Global Technology Group Limited
Directors	Iain Creasey Maxted, Suzannah Maxted
Secretary	Iain Creasey Maxted
Auditors	n/a

Schedule 3
Property

Units 3, 4, 5 and 6 Merlin House, Brunel Court, Village Farm Industrial Estate, Pyle

Schedule 5
Sellers' Completion Obligations

- 1 The Sellers will be obliged to deliver to the Purchaser (or otherwise make available to the satisfaction of the Purchaser)
 - (a) transfers of that number of the Shares set against the respective names of the Sellers in column 2 of Schedule 1 duly executed by or on behalf of the respective Seller in favour of the Purchaser or its nominee(s) together with the relevant share certificates (or an indemnity in the agreed form for any missing certificates) in the names of the registered holders,
 - (b) the Disclosure Letter signed by each of the Warrantors,
 - (c) the statutory registers and minute books (properly written up to the time immediately prior to Completion), the common seal (if any), the certificate of incorporation and (if applicable) any certificate of incorporation on change of name of each Group Company,
 - (d) the Service Agreements; and
 - (e) certificates from each of the banks at which any Group Company maintains an account of the amount standing to the credit or debit of all such accounts as at the close of business on the last Business Day before the Completion meeting.
- 2 In addition, the Sellers shall cause a board meeting of the Company to be held at which the transfers of the Shares will be approved for registration (subject to their being duly stamped, which shall be at the cost of the Purchaser)

Schedule 6 Warranties

Part 1 General Warranties

1 Information

- 1 1 The information set out in Schedule 1 to 4 (inclusive) is true and accurate

2 The Company/Group Structure

- 2 1 A copy of the Company's memorandum and articles of association is included in the Disclosure Documents and the Company has at all times carried on its business and affairs in accordance with its memorandum and articles of association

- 2 2 The statutory books (including all registers and minute books) of the Company contain an accurate record of the matters which should be dealt with in those books, no notice or allegation that any of them is incorrect has been received and so far as the Sellers are aware there are no circumstances which might reasonably be expected to lead to any such notice or allegation being served on the Company

- 2 3 All returns, particulars, resolutions and other documents required to be delivered to the Registrar of Companies by the Company have been so delivered

- 2 4 All dividends declared or due in respect of the Shares have been paid in full

- 2 5 The Shares constitute the whole of the issued share capital of the Company and each Seller is the sole legal and beneficial owner of that number of the Shares as is set against his name in column 2 of Schedule 1 There is no Encumbrance on, over or affecting any unissued shares, debentures or other securities of the Company and no person has the right (exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital of the Company

2.6 The Company

- 2 6 1 is not and has not agreed to become a member of any partnership, joint venture, consortium or other unincorporated association other than a recognised trade association or any agreement or arrangement for sharing commissions or other income, and

- 2 6 2 has no branch, place of business or substantial assets outside England and Wales or Scotland or any permanent establishment (as that expression is defined in any relevant Order in Council made pursuant to section 788 TA 88) in any country outside the United Kingdom

- 2.7 Schedule 2 contains details of all Group Companies

- 2.8 The Company does not have, nor has ever had, a participating interest (as defined in section 260 of the 1985 Act) in any undertaking which is not a Group Company nor has it agreed to acquire such an interest

- 2 9 The Company does not hold nor is liable on any share or relevant security which is not fully paid up or which carries any liability.
- 2 10 Apart from this Agreement, there is no agreement, arrangement or commitment outstanding which calls for the allotment, issue or transfer of, or accords to any person the right to call for the allotment, issue or transfer of, any share or loan capital of the Company
- 2 11 None of the shares in the capital of the Company was, or represents assets which were, the subject of a transfer at an undervalue, within the meaning of sections 238 or 339 of the Insolvency Act 1986, within the past 5 years
- 2.12 Each Group Company is incorporated and validly subsisting under the laws of its country of incorporation and is licensed or qualified to do business under the laws of that country and neither the character nor the location of the properties owned by any Group Company nor the nature of the business conducted by it requires licensing or qualification under the laws of any other country Each Group Company has full corporate power to carry on its business and to own and operate its assets, properties and business as now carried on and owned and operated

3 Accounts

- 3 1 The Accounts have been prepared and presented in accordance with accounting practice and policies generally accepted in the United Kingdom and, subject thereto, are consistent with the practice and policies adopted by the Company during the three accounting periods ended on the Balance Sheet Date, comply with the requirements of the CA 85 and give a materially true and fair view of the assets, liabilities and the financial position of the Company as at the Balance Sheet Date
- 3 2 The accounting books and records of the Company have been accurately maintained (minor clerical errors excepted) where required to be so by statute, statutory provision, directive or legislation and otherwise in all material respects accurately maintained (minor clerical errors excepted)
- 3 3 The accounting books and records of the Company are in the possession of the Company and no notice or allegation that any of them is incorrect has been received by the Company

4. Post-Balance Sheet Date events

- 4 1 Since the Balance Sheet Date, the Company
- 4 1 1 has carried on its business in the normal course and without any interruption or alteration in the nature or manner of its business,
- 4 1 2 has not acquired or disposed of or agreed to acquire or dispose of any material assets other than in the ordinary work or business or assumed or incurred or agreed to assume or incur any material liabilities or entered into any contract of 6 months or greater duration or involving more than £10,000 commitment, whether or not in the ordinary course of trading;

- 4.1.3 has not declared, made or paid any dividend, bonus or other distribution of capital or income;
- 4.1.4 has not made or agreed to make any change to the contracts of any director or employee or any other material change to any terms of employment,
- 4.1.5 has not entered into any contract involving capital expenditure in an amount exceeding £10,000 or contracts in aggregate involving an amount exceeding £50,000, and
- 4.1.6 has not borrowed or raised any money or taken any financial facility (except such short term borrowings from bankers as are within the amount of any overdraft facility which was available to the Company at the Balance Sheet Date)

5 Transactions with the Sellers, directors and Connected Persons

5.1 There is not outstanding

5.1.1 any indebtedness or other liability (actual or contingent) owing by the Company to any Seller or director of the Company or any Connected Person or owing to the Company by any Seller or director of the Company or any Connected Person, or

5.1.2 any guarantee or security for any such indebtedness or liability

5.2 There is not outstanding any agreement or arrangement to which the Company is a party and in which any Seller, director of the Company or any Connected Person is interested whether directly or indirectly

5.3 No Seller or director of the Company nor any Connected Person, either individually or with any other person or persons, has any interest, directly or indirectly, in any business which has a trading relationship with the Company or (other than that now carried on by the Company) which is competitive with any aspect of the business of the Company save as registered holder or other owner of any class of securities of any company if such class of securities is listed on any recognised investment exchange (as defined in the Financial Services and Markets Act 2000) and if such person (together with Connected Persons and Affiliates) holds or is otherwise interested in less than three per cent of such class of securities

6 Finance

6.1 Particulars of all money borrowed by the Company (other than normal trade credit) including, in each case, the name and address of all banks with whom the Company holds an account, have been Disclosed and the Disclosure Document contain copies of all debentures, acceptance lines, overdrafts, loans or other financial facilities outstanding or available to the Company

6.2 Particulars of all money lent or agreed to be lent by the Company and which has not been repaid to it have been Disclosed.

6.3 Full details of all grants made to the Company, and all outstanding applications for any such grant, have been Disclosed No act or transaction has been effected or is expected to be effected (including the sale of the Shares hereunder) in consequence of which the Company is liable to refund (in whole or in part) any such grant or in consequence of which any such grant for which application has been made by it will not be paid

6.4 No person other than the Company has given any guarantee of or security for any overdraft, loan or loan facility granted to the Company

7 Assets of the Company

7.1 Except insofar as this Warranty is inconsistent with paragraph 16 (*Properties*) (and except for assets disposed of in the ordinary course of trading), the Company has legal and beneficial title (free from any Encumbrance, hire or hire purchase agreement or leasing agreement or agreement for payment on deferred terms) to all assets of the Company which (a) are included in the Accounts or (b) were at the Balance Sheet Date used or held for the purposes of its business or (c) have been acquired by the Company since the Balance Sheet Date, and all such assets are in the possession and control of the Company and are sited within the United Kingdom.

7.2 The major items of equipment needed for the proper conduct of the Company's business are in satisfactory working order (fair wear and tear excepted)

7.3 The Disclosure Documents contain a list of all material assets owned or in the possession of the Company and held under any leasing, hire-purchase, conditional sale, deferred payment or other similar agreement and is accurate in all material respects and no act or transaction has been effected or so far as the Sellers are aware is expected to be effected (including the sale of the Shares hereunder) in consequence of which the above agreements may be terminated by a party to it

8 Insurance

8.1 Accurate details of all policies of insurance of the Company now in force have been Disclosed, all premiums due on such policies have been duly paid and all such policies are in full force and effect So far as the Warrantors are aware, there are no circumstances which might lead to any liability under such insurance being avoided by the insurers or the premiums being abnormally increased and, save as Disclosed, there is no claim outstanding under any such policies

9 Litigation

9.1 Except as plaintiff in the collection of debts (not exceeding £5,000 in the aggregate) arising in the ordinary course of trading, the Company is not now engaged in any legal proceedings (including litigation, arbitration or any hearing before any tribunal or official body).

9.2 So far as the Warrantors are aware, there is no matter or fact in existence which is likely to give rise to any legal proceedings involving the Company

9 3 There is no order or judgment of any court, tribunal or governmental agency against the Company which has not been fully satisfied or discharged which is still in force

10 **Licences and applicable legislation**

10 1 The Company has all necessary licences, permits, consents and authorities required by applicable legislation to carry on its business in the manner in which its business is now carried on and the Warrantors are not aware of any reason why any of them is likely to be suspended, cancelled or revoked

10 2 The Company has not committed nor is it liable for, and no claim has been or, so far as the Warrantors are aware, will be made that it has committed or is liable for, any criminal, illegal, unlawful or unauthorised act or breach of any obligation or duty whether imposed by or pursuant to statute, contract or otherwise

10 3 The Company has not received notification that any investigation or inquiry is being, or has been, conducted by, or received any request for information from any governmental or other authority, department, board, body or agency in respect of its affairs and, so far as the Warrantors are aware, there are no circumstances which would give rise to such investigation, inquiry or request.

10 4 So far as the Sellers are aware none of the activities, contracts or rights of the Company is ultra vires, unauthorised, invalid or unenforceable or in breach of any contract or covenant and all documents in the enforcement of which it may be interested are valid

11 **Trading**

11 1 There are in force no powers of attorney given by the Company other than to the holder of an Encumbrance solely to facilitate its enforcement nor any other authority given by the Company to any person to enter into any contract or commitment or do anything on its behalf other than any authority of employees to enter into routine trading contracts in the normal course of their duties

11 2 The sale of the Shares under this Agreement will not

11 2 1 entitle any person to determine or terminate any material contract or material arrangement with the Company,

11 2 2 result in the breach on the part of the Company under any of the terms, conditions or provisions of any material agreement or material instrument to which the Company is now a party,

11 2 3 entitle any person to receive from the Company any finder's fee, brokerage or other commission

11 3 So far as the Warrantors are aware, the Company is not party to any agreement or arrangement which is or was registrable but not properly registered under the Restrictive Trade Practices Act 1976 or in contravention or breach of The Treaty of Rome 1957, the Fair Trading Act 1973, the Consumer Credit Act 1974, the

Competition Act 1998 or is otherwise registrable under any anti-trust, trade regulation or similar legislation in any jurisdiction

- 11 4 The Company is not party to any agreement or arrangement restricting the freedom of the Company to provide and take goods and services by such means and from and to such persons and into or from such place as it may from time to time think fit.

12 **Contracts**

- 12 1 Copies of all material contracts to which the Company is a party have been Disclosed and the Company is not a party to any agreement, obligation, commitment or arrangement which

12 1 1 is incapable of complete performance in accordance with its terms within six months after the date on which it was entered into or undertaken,

12 1.2 is likely to result in a loss to the Company on completion of performance;

12 1 3 involves or is likely to involve the supply of goods by or to the Company the aggregate sales value of which will represent in excess of five per cent of the turnover of the Company for the year ended on the Balance Sheet Date

12 1.4 requires the Company to pay any commission, finder's fee, royalty or the like, or

12 1 5 is otherwise than in the ordinary and proper course of the Company's business

- 12 2 The terms of all contracts of the Company have been complied with by the Company and, so far as the Warrantors are aware, by the other parties to the contracts (in each case) in all material respects.

- 12 3 The Company is not a party to any subsisting agency or distributorship agreement which is material in the context of the Company's business taken as a whole

13 **Employees and Consultants**

- 13 1 The Disclosure Documents incorporate a schedule of all persons who are consultants to or workers in the Company containing details of the date of commencement of their engagement, the role they undertake, the number of hours per week they commit to the Company, the fees paid to them, any other benefits provided to them (whether or not legally binding), the notice period required to terminate the relationship and holiday arrangements. In addition, the Disclosure Documents contain complete copies of all standard terms of engagement and other documents containing the terms of all benefits and all consultancy contracts and other documents relating to the engagement of consultants and workers

- 13 2 No trade unions are recognised by the Company for any purpose and the Company is not a party to any collective bargaining arrangements

- 13 3 The Company is not currently involved in any dispute with any of its consultants or workers

- 13.4 No present consultant or worker of the Company has given or received notice terminating his engagement except as expressly contemplated under this Agreement.
- 13.5 So far as the Warrantors are aware, the Company has complied in all material respects with all obligations imposed on it by all relevant statutes and regulations relating to its consultants and workers
- 14 **Pension Schemes**
- 14.1 There are no Pension Schemes for current or past directors or employees of the Company and no Pension Schemes in which the Company, or any part of it, has ever participated in as an employer
- 15 **Intellectual Property and Information Technology**
- 15.1 The Company is the legal and beneficial owner and registered proprietor of the patents, trade marks, registered designs (and all applications to register the same) specified in Schedule 4 (the "**Specified Intellectual Property**") free from all encumbrances
- 15.2 The Specified Intellectual Property is a complete and accurate record of the Intellectual Property of material importance to the Company
- 15.3 The Specified Intellectual Property is valid, subsisting and enforceable and the Company is unaware of any reason why the registration of any of the Specified Intellectual Property is likely to be declared invalid
- 15.4 So far as the Warrantors are aware the Company has not committed an act or omission the result of which might affect the right, title or interest of the Company to the Specified Intellectual Property, or render any assignment or licence of the Specified Intellectual Property to the Company or its Group ineffective or subject to a reversionary interest, or otherwise breach the terms of such licence or assignment
- 15.5 No right or licence has been granted to any person by any Group Company to use in any manner or to do anything which would or might otherwise infringe any of the Specified Intellectual Property and, other than as Disclosed, the Company has not given any licence or permission to any third party to use or exploit or otherwise encumber any of the Specified Intellectual Property
- 15.6 So far as the Warrantors are aware there are and have been no claims, challenges, disputes or proceedings, pending or threatened, in relation to the ownership, validity or use of the Specified Intellectual Property by the Company.
- 15.7 The Company has paid all registration, renewal and other fees due in respect of the registration of the Registered IP
- 15.8 In carrying on its business no Group Company infringed any know-how, patents, trade marks, service marks, registered designs, copyright, trade or business names or applications for any of the foregoing.

15 9 The Company is not aware of any infringement by any third party of the Specified Intellectual Property.

15 10 No Group Company is a party to any secrecy, confidentiality or other agreement which may restrict the use or disclosure by such Group Company of any confidential information

15.11 All IT Systems are owned by the Company and, save as Disclosed, are not dependent on any facilities or services not under the exclusive ownership and control of the Company

15 12 So far as the Warrantors are aware, all IT Systems are in satisfactory working order and function materially in accordance with their applicable specifications No part of the IT Systems has materially failed to function at any time during the 12 months prior to the date of this Agreement.

16. Properties

16 1 The Property comprises all the land owned, controlled, used or occupied by the Company and all the estates, interests or rights vested in the Company relating to any land at the date of this Agreement

16 2 The Company has no liability (whether actual, contingent or otherwise) as tenant, assignee, guarantor, covenantor or otherwise arising from or relating to any estate, interest or right in any land other than the Property.

16 3 Where applicable, complete and accurate copies of all leases or licences in relation to each Property are contained in the Disclosure Documents and no material breach thereof by the Company remains outstanding

16 4 So far as the Warrantors are aware, the Company has complied in all material respects with all laws, regulations and material restrictions, covenants and obligations relating to each Property and the Company has not received any notice or allegation of any breach of such laws, regulations or material restrictions, covenants or obligations from any person.

16 5 There are no outstanding dilapidations claims in respect of the Properties and no such claims are expected by the Warrantors in the 12 months following the date of this Agreement

17 Capacity

17 1 Each Seller has full power to enter into and perform this Agreement which constitutes (or will when executed constitute) a binding obligation on each Seller in accordance with its terms.

18 Insolvency

18 1 The Company has not entered into any scheme of arrangement or voluntary arrangement with any of its creditors, is not insolvent or unable to pay its debts as

defined by section 123 Insolvency Act 1986 and no order has been made or petition presented or resolution passed for the winding up of the Company.

18 2 No administrative or other receiver has been appointed by any person over the whole or any part of the business or assets of the Company, nor has any petition been presented or application made for the appointment of an administrator in respect of the Company

18 3 There are no circumstances which would entitle any person to present a petition for the winding up of the Company, to appoint an administrator in respect of the Company or to appoint an administrative or other receiver over the whole or any part of the Company's undertaking or assets

19 Environmental and Health and Safety

19 1 The Company is operating its business in compliance with Environmental Law and Health and Safety Law

19 2 The Company has not received any written notification from any regulatory authority or third party of any breach by the Company of Environmental Law or Health and Safety Law.

19 3 All environmental or health and safety reports commissioned by the Company have been Disclosed

19 4 The Property is not likely to be entered in any register introduced under the Environment Act 1995 or otherwise as land which may be contaminated or which may have been put to a contaminative use.

19 5 There is not on, in or under the Property or any adjoining property any substance which could give rise to harm to human health or safety or damage to the Environment

19 6 Each property formerly owned or occupied by the Company was free of such substances at the time it ceased to be owned or occupied by the Company

19 7 So far as the Warrantors are aware there are no proceedings nor any circumstances or material facts which could, if true, give rise to any proceedings, in which it is alleged that the Company or its predecessors are potentially responsible for any clean-up, remediation or similar works in relation to lands contaminated with any Dangerous Substance or for any other remedial or corrective action under an Environmental Law

Part 2 Taxation Warranties

20 General

20 1 Provision or reserve has been made in the Accounts in accordance with GAAP for all Taxation liable to be assessed on each Group Company or for which the Group Company is accountable (whether primarily or otherwise) in respect of all income, profits or gains earned, accrued or received on or before the Balance Sheet Date or

deemed to have been or treated as earned, accrued or received for Taxation purposes on or before the Balance Sheet Date and/or in respect of any event occurring or deemed to have occurred on or before the Balance Sheet Date, including distributions made on or before the Balance Sheet Date or provided for in the Accounts

20 2 Provision has been made in the Accounts for deferred Taxation in accordance with GAAP

20 3 No charge to Taxation will arise on the Company as a result of entry into or completion of this Agreement

21. Events since Balance Sheet Date

21.1 Since the Balance Sheet Date

21.1 1 no Group Company has entered into a transaction outside the ordinary course of business of that Group Company;

21 1 2 no transaction has occurred, either in circumstances where the consideration actually received or receivable (if any) was less than the consideration which could be deemed to have been received for Tax purposes or which will give rise to a liability to Tax on any Group Company calculated by reference to deemed as opposed to actual profits,

21.1 3 no transaction has occurred which will result in any Group Company becoming liable to pay or bear a liability to Tax directly or primarily chargeable against or attributable to another person other than another Group Company,

21 1 4 no disposal has taken place or other event occurred which will, or may have, the effect of crystallising a liability to Tax which would have been included in the provision for deferred Taxation contained in the Accounts if such disposal or other event had been planned or predicted at the Balance Sheet Date,

21.1 5 no Group Company has made or provided nor is under any obligation currently or for the future to make, any payment of any income or revenue the nature of which, or to provide a benefit the cost of which, will be prevented from being deductible for Tax purposes, whether as a deduction in computing the profits of a trade or as an expense of management or as a charge on income,

21 1 6 no accounting period or period of account by reference to which Tax is measured of any Group Company has ended within the meaning of section 12, TA 88 (basis of, and periods for, assessment)

22 Payment of Tax

22 1 Each Group Company has properly paid all Taxation prior to Completion which it has become liable to pay prior to Completion including, without limitation, in respect of the accounting period ending on Balance Sheet Date and it has not paid or become liable to pay, nor so far as the Warrantors are aware are there any circumstances which may cause it to become liable to pay, any penalty, fine, surcharge or interest in connection with Taxation

22 2 All payments by each Group Company to any person which ought to have been made under deduction or withholding of Taxation have been so made and the Taxation so deducted or withheld has been properly and punctually accounted to the relevant Taxation Authority

23 **Compliance**

23 1 Each Group Company has made all returns, claims for relief, applications, notifications, computations, reports, accounts, statements, registrations and assessments (whether physically in existence or electronically stored) ("Returns") it is required by law to make All Returns have been properly submitted by the Group Company within any relevant time limits to each relevant Taxation Authority and the Returns give full disclosure of all material facts and circumstances and so far as the Warrantors are aware are not likely to be the subject of any question or dispute with any Taxation Authority

23 2 Each Group Company has prepared, kept and preserved sufficient records to enable it to make and complete returns for Taxation purposes and to calculate the liability to Taxation or the amount of a Relief arising on the disposal of any asset owned at the Balance Sheet Date or acquired since the Balance Sheet Date but before Completion and otherwise as required by law

23 3 The Disclosure Letter contains details so far as they affect each Group Company of all arrangements with any Taxation Authority that are not based on a strict application of the law relating to Taxation (other than published extra-statutory concessions, statements of practice and statements of a similar nature) and so far as the Warrantors are aware no such arrangement is liable to be withdrawn for any reason

23 4 No Group Company is in dispute with any Taxation Authority and so far as the Warrantors are aware there are no circumstances that exist which are likely to give rise to any such dispute

23 5 No Taxation Authority has audited or investigated or indicated in writing that it may audit or investigate any Group Company's Taxation affairs and so far as the Warrantors are aware no Group Company is subject to any ongoing investigation

23.6 Each Group Company has properly prepared and punctually submitted all notices, returns and applications for clearances or consents required for Tax purposes and any such consent or clearance given remains valid and effective and any transaction for which such consent or clearance has previously been obtained has been carried into effect (if at all) in all material respects in accordance with the terms of the relevant application, consent or clearance

24 **Taxation Claims Reliefs and Liabilities**

24 1 The Company is not liable nor may become liable to pay, or make reimbursement or indemnity in respect of, any Taxation (or amounts corresponding to any Taxation) payable by or chargeable on or attributable to any other person, whether in consequence of the failure by that person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to profits, income, gains or

a transaction, event, omission or circumstance arising, occurring or deemed to arise or occur on or prior to Completion.

24 2 There is no charge referred to in section 237 Inheritance Tax 1984 outstanding in respect of any asset of the Company or the Shares

24 3 No Group Company is liable and there are no circumstances in existence as a result of which it may become liable to be assessed to Tax as donor or donee of any gift or transferor or transferee of value

25 Corporation Tax/Capital Allowances

25 1 If all of the capital assets of each Group Company were disposed of in a single transaction on the date of this Agreement for a consideration equal to the book value of those assets in, or adopted for the purposes of the Accounts or, in the case of assets acquired since the Balance Sheet Date, equal to the consideration given upon their acquisition, no liability to Tax on chargeable gains or balancing charge under the CAA would arise and for the purpose of determining the liability to corporation tax on chargeable gains there shall be disregarded any relief and allowances available to the Company other than amounts falling to be deducted under section 38 TCGA.

25 2 All capital expenditure incurred by each Group Company on the provision of machinery or plant or industrial buildings (in each case within the meaning of the CAA) since the Accounts Date and all such capital expenditure which may be incurred by each Group Company under any existing contract has qualified or will be capable of qualifying for capital allowances. Such allowances have been or will be made in taxing the trade of the relevant Group Company

25 3 No Group Company has since the Balance Sheet Date made any distribution within the meaning of section 209 TA88 (meaning of "distribution") save for any dividend disclosed in the Accounts nor is it bound to make such a distribution

25 4 No Group Company has at any time repaid, redeemed or repurchased or agreed to repay, redeem or repurchase or granted an option under which it may become liable to purchase any shares of any class of its issued share capital nor has the Group Company capitalised or agreed to capitalise in the form of shares or debentures any profits or reserves of any class or description or otherwise issued or agreed to issue any share capital other than for receipt of new consideration (within the meaning of Part VI TA88) or passed or agreed to pass any resolution to do so

25 5 No rents, interest, annual payments or other sums of an income nature paid or payable by any Group Company or which any Group Company is under an existing obligation to pay in the future are or may be wholly or partially disallowable as deductions, management expenses or charges in computing profits for the purposes of corporation tax

26. Losses and ACT

26 1 In the three years prior to Completion there has been no major change in the nature or conduct of the trade or business carried on by any Group Company for the purposes of

section 768 (change of ownership of company, disallowance of trading losses) or 768A (change in ownership disallowance of carry back trading losses) or section 768B, ICTA (change in ownership of investment company deduction generally), section 768C, ICTA (Deductions. asset transferred within group), section 768D, ICTA (Change in ownership of company carrying on property business), section 768E, ICTA (Change in ownership of company with unused non-trading loss on intangible fixed assets)

- 26 2 As at 6 April 1999, no surplus advance corporation tax existed within any Group Company, such that section 32, Finance Act 1998 or any regulations made under that section could apply

27 Close Companies

- 27.1 No Group Company is or has been a close investment holding company for the purposes of section 13A, ICTA (close investment-holding companies)
- 27 2 No distributions within section 418, ICTA (additional matters to be treated as distributions) have been or will be made by any Group Company
- 27 3 No Group Company has at any time made any loan or advance or payment or given any consideration or effected any transaction falling within sections 419 to 422 (inclusive), ICTA (loans to participators etc)

28 Tax Avoidance

- 28 1 No Group Company has entered into nor so far as the Warrantors are aware been a party to any scheme, arrangement or transaction designed wholly or mainly, or containing artificial steps or stages designed wholly or mainly, for the purpose of avoiding or deferring Taxation or reducing a liability to Taxation
- 28 2 No Group Company has been party to any arrangements, transaction or series of transactions which it has or may become liable to notify to any Tax Authority under any legislation requiring the disclosure of tax avoidance schemes

29 Value Added Tax

- 29 1 Each Group Company has, throughout the whole of the period beginning three years before the Balance Sheet Date and ending in the date hereof, been registered and been eligible to be registered and is a taxable person for the purposes of the VATA and not subject to any conditions imposed by or agreed with HMRC
- 29 2 No Group Company is or has within the last three years been a member of a group for value added tax purposes under section 43, VATA (groups of companies)
- 29 3 Each Group Company has complied with the terms of all statutory provisions, regulations, directions, conditions, notices and agreements with HMRC relating to VAT No Group Company has been required by HMRC to give security

29.4 All supplies of goods and services made by each Group Company are taxable supplies for the purposes of the VATA and all input tax is deductible in accordance with the provisions of sections 25 and 26 VATA.

29 5 No Group Company nor any relevant associate (within the meaning of paragraph 3(7) Schedule 10 VATA) of any Group Company has made any election under paragraph 2(1) Schedule 10 VATA in respect of any land in, over or in respect of which any Group Company has any interest, right or licence to occupy and no Group Company has an obligation to make such an election.

29 6 No Group Company owns nor has at any time within the period of ten years preceding the date of this Agreement owned any assets which are capital items subject to the Capital Goods Scheme under Part XV of the VAT Regulations 1995

30 Share Schemes/Restricted Securities

30 1 No shares or securities have been issued by any Group Company to which the provisions of section 140A or 140D TA, chapter 2 of Part VII IT(EP)A or Schedule 22 of FA 2003) apply or have been applied

30 2 No Group Company has established nor has made arrangements to establish (nor is a participant in) any bonus, share option, profit related pay or other scheme or arrangement, whether or not approved by HMRC, for the benefit of its current or former officers or employees or any of them

31 International

31.1 Each Group Company was incorporated in and is and always has been resident only in the United Kingdom for Taxation purposes and for the purposes of any double taxation agreement No Group Company is liable to, has at any time incurred any, or is required to be registered for any Taxation in any jurisdiction other than the United Kingdom nor had a branch outside the United Kingdom or any permanent establishment (as that expression is defined in the respective double taxation relief orders current at the date of this Agreement) outside the United Kingdom

31 2 No Group Company has without the prior consent of the Treasury carried out or agreed to carry out any transaction (including under section 765 TA88) which would be unlawful in the absence of such consent and has, where relevant, complied with the requirements of section 765A(2) TA88 (supply of information on movement of capital within the EU) and any regulations made or notice given by that section

32 Non-Arm's Length Transactions

32 1 No Group Company has been party to any non-arms length transaction or been party to any transaction or arrangement to which the provisions of section 770A and Schedule 28AA TA88 or section 18 TCGA may apply No Group Company will receive any payment for an asset or any services or facilities of any kind that it has supplied or provided or is liable to supply or provide which is less than the market value of that asset or those services or facilities

33 Groups of Companies

- 33 1 The Company has never been a 51 per cent subsidiary of any person within the meaning of section 838 TA88 (subsidiaries)
- 33 2 No Group Company has at any time during the last six years acquired any asset from any company which at the time of the acquisition was a member of the same group of companies as defined in section 170 TCGA
- 33 3 Neither the execution of this Agreement nor Completion will result in any profit or gain being deemed to accrue to any Group Company for any Taxation purpose under section 179 TCGA or otherwise.
- 33 4 The Disclosure Letter sets out full details of all claims and surrenders (including proposed claims and surrenders) by any Group Company of group relief under Chapter IV, Part X, ICTA or tax refunds under section 102, Finance Act 1989 and any payment to or from any Group Company.
- (a) as a result of any group payment arrangement made pursuant to Section 36, Finance Act 1998,
 - (b) under paragraph 7A or 7C of Schedule 28AA, ICTA;
 - (c) under paragraph 71, Schedule 29, Finance Act 2002; or
 - (d) under section 171A, TCGA
- 33 5 No Group Company has made, nor is proposing to make an election under any law whereby a liability to Taxation that arises primarily on another person, or by reference to profits which are not earned, accrued or received by any Group Company, may fall on a Group Company

34 Stamp Duties

- 34 1 There is no instrument to which any Group Company is a party and which is necessary to establish any Group Company's rights or title to any asset, which is liable to stamp duty and which has not been duly stamped, or which would attract stamp duty, interest or penalties if brought into the United Kingdom
- 34 2 Within the three years ending on the date of this Agreement, no Group Company has made any claim for relief, exemption or deferral of stamp duty, stamp duty land tax or stamp duty reserve tax
- 34 3 No Group Company is nor may become liable to pay stamp duty land tax after Completion by reference to any land transaction, as defined in section 43 FA 2003, to which it has been a party prior to Completion.

35 Loan Relationships

- 35 1 There are no outstanding debts owed to or by the Company, or any securities issued by the Company or which the Company owns or in which it has an interest, which will

not be repaid at Completion, other than trade debts which fall within the exemption in section 251(1) TCGA and which do not arise out of loan relationships of the Company for the purposes of section 81(1) FA 1996

- 35 2 No Group Company has at any time been a party to or otherwise involved in any transaction to which sections 213 to 218 (inclusive), ICTA (exempt distributions etc) applied

36 **Customs duties**

- 36 1 Each Group Company has made all necessary returns in relation to the collection and payment of customs duties, excise duties and other Taxes having an equivalent effect and has provided to any relevant Taxation Authority all necessary information, returns and documentation and paid all amounts due in relation to the same and within the prescribed time limits

Schedule 7
Limitation of Warrantors' liability

- 1 The Warrantors shall not be liable under the Warranties if and to the extent that
- 1 1 the facts or circumstances which might result in a claim or possible claim under the Warranties have been Disclosed,
- 1 2 a specific provision in respect of the subject matter of the claim was made in the Accounts,
- 1 3 a claim under the Warranties arises or is increased -
- 1 3 1 as a result of an act or omission on the part of the Sellers occurring at the written request of or with the written consent of the Purchaser,
- 1 3 2 as a result of an act or omission of the Company after Completion (otherwise than in the ordinary course of trading),
- 1 3 3 as a result of an act or omission compelled by law,
- 1.3 4 as a result of the passing or coming into force of or any change in any enactment, law, regulation, directive, requirement or any published practice of any government, government department or agency or regulatory body (including extra-statutory concessions of the Inland Revenue) after Completion, whether or not having retrospective effect
- 1 3 5 as a result of any voluntary act, transaction or omission of the Company or the Purchaser or their respective directors, employees or agents on or after the Completion, provided that such limitation shall not apply in the event that
- 1 3 5 1 such act, transaction or omission is carried out while the Sellers hold control of the Board of the Purchaser, or
- 1 3 5 2 such act, transaction or omission is carried out pursuant to a legally binding obligation entered into by a Group Company prior to Completion
- 1 3 6 wholly or partly out of or as a result of either the sale and purchase of the Shares, or out of any act, transaction or omission authorised by or carried out at the request of the Purchaser or any member of the Purchaser's Group, provided that such limitation shall not apply in the event that
- 1.3 6 1 such act, transaction or omission is carried out while the Sellers hold control of the Board of the Purchaser, or
- 1 3 6 2 such act, transaction or omission is carried out pursuant to a legally binding obligation entered into by a Group Company prior to Completion..

- 1.3.7 the subject matter thereof has been or is made good or is otherwise compensated for (otherwise than by the Purchaser or the Company or any member of the Purchaser's Group), or
- 1 3 8 relates to any liability for taxation arising out of the ordinary course of business of the Company after the Balance Sheet Date, or
- 1 3 9 comprises penalties, charges or interest arising directly or indirectly from any act, transaction or omission of the Purchaser or the Company or any member of the Purchaser's Group after Completion, provided that such limitation shall not apply in the event that
 - 1 3 9 1 such act, transaction or omission is carried out while the Sellers hold control of the Board of the Purchaser, or
 - 1 3 9 2 such act, transaction or omission is carried out pursuant to a legally binding obligation entered into by a Group Company prior to Completion.
- 1 4 The relevant loss is recovered by the Purchaser or a Group Company under any insurance policy of the Company or the Purchaser
- 2
- 2 1 The liability of the Warrantors in respect of any claim under the Warranties
 - 2 1 1 shall not arise unless and until the amount of such claim when aggregated with the amount of any other claim made against the Warrantors under this Agreement exceeds £40,000 in which event all of such claim or claims (and not just the excess) shall be recoverable and no minimum shall apply to any subsequent claims,
 - 2 1 2 shall not, in relation to each Warrantor, (when aggregated with the amount of all other claims under the Warranties) exceed the total cash consideration (as set out in column 3 of Schedule 1) and the Deferred Consideration (in respect of the Deferred Consideration, to the extent it is otherwise set-off or adjusted by the Purchaser in accordance with clauses 5 3 and 7 respectively)

provided that paragraph 2.1 1 above shall not serve to limit the liability of the Warrantors in the case of any claim the subject matter of which related to Taxation
- 3 The liability of the Warrantors in respect of any claim under the Warranties shall cease
 - 3 1 in the case of any claim the subject matter of which relates to Taxation, on the seventh, and
 - 3 2 in the case of any other claim, 24 months from,

Completion, except in respect of matters which before that period expires have been the subject of a written claim made by or on behalf of the Purchaser to the Sellers'

Representative (or any of them) Any such claim shall (if it has not previously been satisfied, settled or withdrawn) be deemed to have been withdrawn unless legal proceedings in respect of it have been commenced by both being issued and served within 12 months of such notification to the Warrantors (or the relevant Warrantor) as appropriate

- 4 The Purchaser shall not be entitled to recover damages or claim indemnity or otherwise obtain reimbursement or restitution to the extent it has already done so in respect of the same loss, damage, deficiency, breach or cause of action or set of circumstances, under the Warranties or otherwise under this Agreement or any other agreement
5. If any claim under the Warranties arises by reason of a liability of the Company which is a contingent liability or otherwise not capable of being quantified when the claim in respect thereof is notified to the Sellers, then the Warrantors shall not be obliged to make any payment to the Purchaser until such time as the contingent liability ceases to be contingent and becomes an actual liability or becomes capable of being quantified. So long as the relevant claim arising by reason of a contingent liability shall have been notified to the Sellers in accordance with paragraph 3 2 above, then paragraph 3 2 shall be amended in relation to such claim so as to require that proceedings be commenced within 12 months from the date on which the said liability ceases to be contingent
- 6 Except to the extent that a limitation of liability applies, where a claim under the Warranties relates to Taxation, the Warrantors shall be liable to the Purchaser for all losses, costs and expenses suffered including, without limitation, any Liability to Taxation and all costs and expenses reasonably and properly incurred by the Purchaser or any Group Company in connection with recovering the relevant amount from the Warrantors or negotiating with or defending any action against a Taxation Authority

7 Recovery

- 7 1 Where the Purchaser or a Group Company is entitled to recover from some other person any sum in respect of any matter or event which gives rise to a claim under the Warranties, the person so entitled shall use its reasonable endeavours to recover that sum provided that the Warrantors shall pay to the Purchaser or Group Company, ahead of it taking action to make such recovery, the reasonable costs associated with such action on an indemnity basis and any sum recovered (less the costs of recovery) will reduce the amount of the Purchaser's claim against the Warrantors

- 7 2 Without prejudice to the provisions of paragraph 7 1 if the Warrantors (or any of them) pay(s) to the Purchaser an amount in respect of any claim under the Warranties, and the Purchaser or the Company subsequently recovers from a third party an amount which is referable to the loss giving rise to such claim, then

7 2 1 if the amount paid by the Warrantors in respect of such claim is more than the Sum Recovered (as such term is defined in paragraph 7 3 below), the Purchaser shall (or, where appropriate, shall procure that the relevant Group Company shall) immediately pay to the relevant Warrantors the Sum Recovered, and

7 2 2 if the amount paid by the Warrantors in respect of such claim is less than or equal to the Sum Recovered, the Purchaser shall immediately pay to the Warrantors an amount equal to the amount paid by the Warrantors

so as to leave the Purchaser, taking into account the amounts received from the third party and from the Warrantors and those payable to the Warrantors under this paragraph, in no better or worse position than it would have been in (subject always to the other provisions of this paragraph 7) had the claim not arisen

7 3 For the purposes of this paragraph, the expression "**Sum Recovered**" means an amount equal to the amount recovered from the third party less all costs and expenses incurred by the Purchaser or (as the case may be) a Group Company in recovering the amount from the third party.

8 **Insurance**

If in respect of any matter which would give rise to a claim, the Purchaser, the Company or any member of its Group is entitled to make a claim under any policy of insurance then no such matter shall be subject of a claim and no claim shall lie unless and until the Purchaser, the Company or any of its subsidiaries (as the case may be) has made a claim against its insurers. Liability in respect of any such claim shall then be reduced by the amount recovered under such policy of insurance (less all reasonable costs, charges, and expenses incurred by the Purchaser in recovering that sum from its insurers), or extinguished if the amount recovered exceeds the amount of the claim

9 **Mitigation and rescission**

9 1 The Purchaser shall, and shall procure that the Company and each of its subsidiaries shall, take all the reasonable steps to avoid or mitigate any loss or liability which may give rise to a claim.

9 2 The Purchaser agrees that the rescission shall not be available as a remedy for any breach of this Agreement and agrees not to claim that remedy.

Schedule 8

Independent Expert

- 1 In the event of any dispute between the Sellers and the Purchaser as to the calculation or payment in relation to the Completion Accounts or the Net Asset Value
- 1 1 the matter may be referred by either Party to a single independent chartered accountant or to an independent firm of chartered accountants (the "**Expert**") to be agreed between the Purchaser and the Sellers within 7 days of notification of referral or, failing such agreement, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales upon the application of any Party,
- 1 2 the Expert shall act as an expert and not as an arbitrator in connection with the giving of any decision and the decision of the Expert shall be final and binding on the Parties, except in the case of manifest error In making such decision, the Expert shall have regard to any representations made by the Sellers and the Sellers' accountants and the Purchaser and the Purchaser's accountants,
- 1 3 the costs of the Expert shall be borne as may be determined by him or, failing such determination, shall be borne as to half by the Purchaser and half by the Sellers, and
- 1 4 the Expert shall be required to notify the Stakeholders in writing of his decision regarding the payment from the Retention Account

Schedule 9

Completion Accounts

Part A – Preparation

- 1.1 The Sellers shall procure that the interim finance director (such director to be appointed post Completion), or if no such director is appointed within 14 Business Days of Completion, an independent accountant to be agreed by the parties (or failing such agreement, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) within 30 Business Days of Completion shall prepare and deliver to the Purchaser
- 1 1 1 a draft profit and loss account of the Group in respect of the period from 1 November 2007 to the date of Completion,
- 1 1 2 a draft balance sheet of the Group as at the date of Completion, and
- 1 1 3 a draft statement of the Net Asset Value,
- (such profit and loss account, balance sheet and statement being the "**draft Completion Accounts**") and the Purchaser shall procure that the Sellers and the Sellers' advisers and representatives shall be given full access to the Group's accounts and records and shall be permitted to take copies of the same and generally be provided with such other information and assistance as they may reasonably require to prepare such accounts and in a timely fashion
- 1 2 The Sellers shall procure that the draft Completion Accounts shall be prepared in accordance with the provisions of Part B of this schedule and that on their preparation the draft Completion Accounts (together with a statement from the Sellers' accountants confirming the Net Asset Value and that the draft Completion Accounts have been prepared in accordance with this schedule) shall be delivered to the Purchaser for review in accordance with paragraph 1 3
- 1 3 In order to enable the Purchaser to review the draft Completion Accounts, the Sellers shall procure that
- 1 3 1 their accountants and other advisers and/or representatives preparing the draft Completion Accounts shall be instructed to immediately give to the Purchaser full access to their working papers and to use all reasonable efforts to provide promptly upon request such information and explanations as they may request during the course of their review of the draft Completion Accounts,
- 1 3 2 the Purchaser and their accountants and other advisers and/or representatives are given all reasonable access at all reasonable times and without delay to the books, records and working papers in his or his adviser's respective possession or control relating to the Group and to all its staff and shall permit the Purchaser and their accountants and other advisers and/or representatives to take copies of such books, records and working papers, and

- 1.3.3 generally provide the Purchaser and their accountants with such other information and assistance that they may reasonably require and in a timely fashion
- 1.4 Unless the Purchaser serves written notice (the "**Notice**") on the Sellers within 20 Business Days of delivery of the draft Completion Accounts pursuant to paragraph 1.3 above that it does not accept the same, the Parties shall at the end of that period be deemed to have accepted such draft Completion Accounts which shall then be final and binding on the parties and which together shall be the Completion Accounts for the purposes of this Agreement
- 1.5 A Notice (if any) served in accordance with paragraph 1.4 shall specify particulars of the dispute and any adjustments proposed to be made to the draft Completion Accounts
- 1.6 If the Purchaser serves a Notice, then the Sellers and the Purchaser shall each use all reasonable endeavours to reach agreement upon the matter or matters in dispute. If agreement on all disputed matters cannot be reached within 20 Business Days of the date of the Notice, any matter still in dispute may upon the direction of any Party be referred to an independent expert for determination in accordance with schedule 8 half by the Sellers. Upon the agreement or determination (as the case may be) of the matter which is in dispute, such draft Completion Accounts shall then be the Completion Accounts for the purposes of this Agreement
- 1.7 The costs of the Sellers' accountants in relation to all matters arising from this schedule shall be borne by the Sellers and the costs of the Purchaser's Accountants in relation to all matters arising from this schedule shall be borne by the Purchaser

Part B – Basis of Preparation

- 1 1 The Completion Accounts shall be prepared on a basis consistent with the Accounts using the same accounting procedures, bases, policies and practices, but subject to the same complying with UK GAAP and all legal requirements To the extent that the accounting procedures, bases, policies and practices under this clause are inconsistent with UK GAAP and all legal requirements, UK GAAP and all legal requirements shall prevail
- 1 2 The Completion Accounts shall be prepared in the form and using the entries attached as annexure “A” to the Agreement

Executed as a deed by
**GUARDIAN HOLDINGS
LIMITED**

on being signed by
Suzannah Maxted
and Iain Maxted

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Suzannah Maxted.
Director


Director/Secretary

Signed as a deed by
IAIN CREASEY MAXTED
in the presence of

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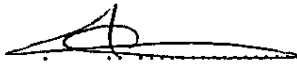
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Name of witness

SALLY BASTIR

Signature.



Address

Haywood House
Dumfries Place, Cardiff
.. Police for

Occupation

Executed as a deed by
SUZANNAH MAXTED
in the presence of

)

)

)

Suzannah Maxted

Name of witness

Sally Bastir

Signature.



Address

as above

Occupation

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